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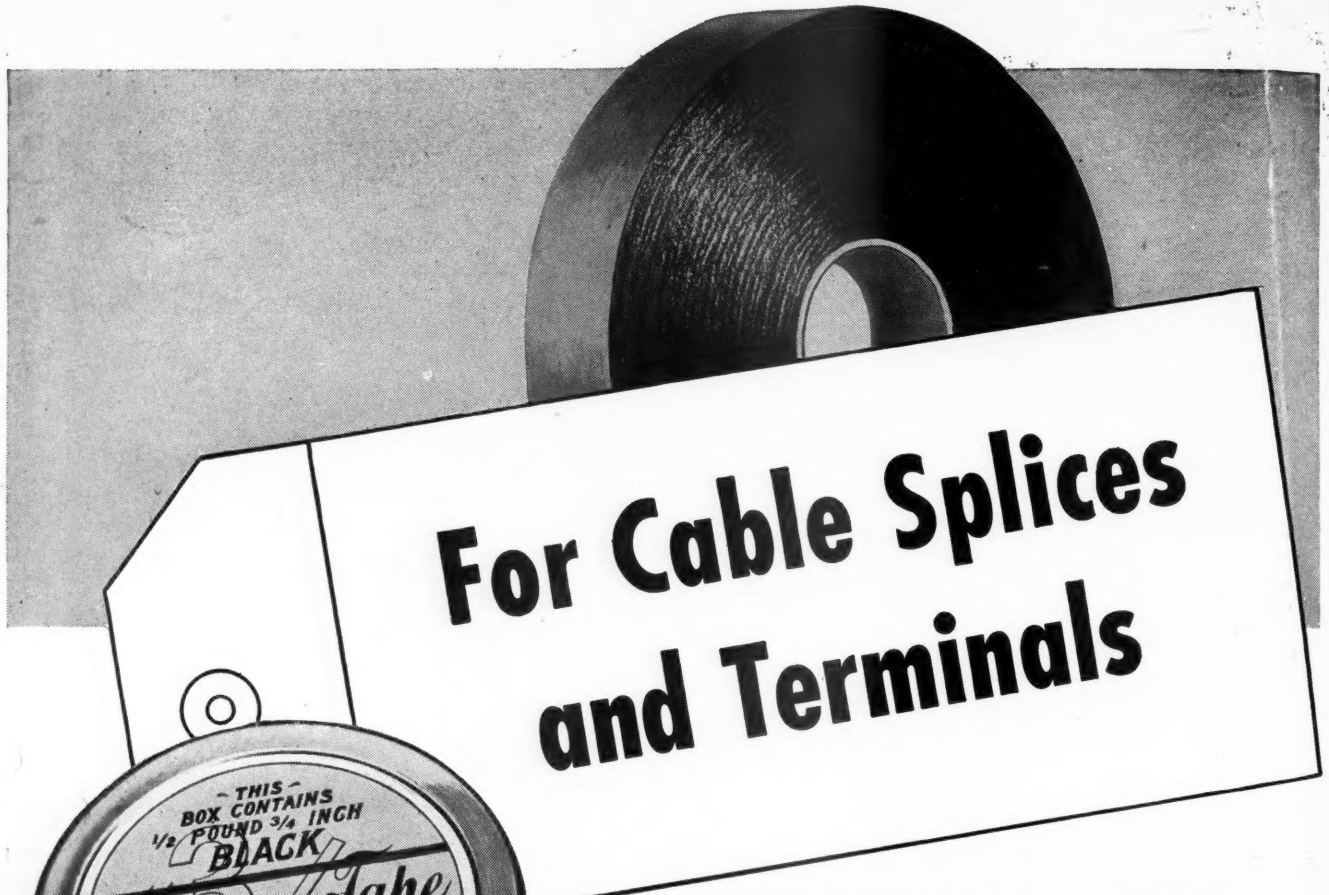

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RAILWAY AGE

How Trucks and Railroads Can Help Each Other and the Public—II

In last week's issue in this space, we discussed the proposition that rivalry between trucks and railroads would serve the public interest (as it now frequently fails to do), if competition between them were based upon comparable economy instead of being so largely determined by their relative skill at beguiling the political authorities. To put an end to political rivalry, it was contended, it is necessary that equality of self-support and regulation for both forms of transportation be accepted and that such questions as truck size and weight limitations and truck fees be taken out of politics and lodged with generally recognized regulatory experts. Only when this is done may truck operators look ahead with confidence to the future—because, as long as such vital questions as permissible sizes and weights and fees for road use are left to legislative whim, the truck industry is no stronger than its legislative lobbies. Experience has shown that, in the end, the public usually turns against legislative lobbies—and the trucking business will be in an unfortunate "spot" if such a public reaction should find the vital questions of road-use fees and size limitations in legislative rather than expert regulatory hands.

Rather than trust its future so largely to business dependent on the vagaries of political favor, it was suggested that the truck industry might more wisely devote its energies to expanding truck utilization in the area where it *offers definite economies over existing railway services.* Railroad movement is still far superior economically to the truck for the line-haul of freight, especially where any considerable distance and quantity of traffic is involved. On the other hand, there are many terminal movements still being handled by rail where the truck is probably the economic superior of the car-and-locomotive. Some comparative dollars-and-cents figures were given in last week's discussion. Besides, there are undoubtedly great possibilities for trucks to supplant way freight and branch line services. The following discussion deals with some of the difficulties which will have to be faced before large-scale substitution of trucks for rail handling can be expected to occur.

Complete freedom to substitute trucking services for carload deliveries at private sidings and team tracks might be brought about, wherever its economy was demonstrated, by the railroads' giving pick-up and delivery of carload freight without any allowance (for patrons who perform their own trucking service) applicable at stations or yards which it was desired to abandon. An allowance might be made to patrons who tendered or accepted freight at the outlying terminal from which the railroad trucks were operated, but an allowance not thus restricted would perhaps require that uneconomical stations or tracks be kept open.

If One Shipper Got Free C. and D., All of Them Would Want It

If it were desired to stop short of store-door delivery of carload freight, an attempt might be made to continue with trucks the service to industries having private sidings under some such device as a tariff reserving for the railroads the right to truck in lieu of switching. However, this might set up circumstances wherein industries without sidings could successfully demand the same service. In theory, at least, any industry which can give the railroad similar access to its plant and a reasonable amount of business is entitled to the same private-siding service as the industries which now have it. If the latter were served by truck, it would not be difficult to sustain a contention that almost every industry could give like access to its plant.

Then there is the problem of loading and unloading. It is conceivable, of course, that trailers could be placed at plants for loading or unloading just as cars are now placed—with an allowance for free time and demurrage charges thereafter. Whether it would be feasible to provide the amount of trailer equipment which would be necessary to give a free-time allowance would be a question. When all is said and done, the interchangeable container of the truck-body type is perhaps the best device to use. With it there would be no transfer of lading at the railhead—the freight would be loaded at the platform of the shipper and unloaded at the platform of the consignee.

A Difficult Task, But Economical Transportation Is Impossible Without It

The legal and kindred problems to be solved before such changes in railroad practice can be effected on

a large scale are tremendous, as the preceding discussion demonstrates. The job cannot be done in a year —and quite likely not completely even in 10 years. Nevertheless, the railroads are not going to prosper as they should and the country is not going to have the advantage of lowest-possible transportation costs until our transportation companies cease providing by rail, services which can be more economically given by truck. The converse is also true—namely, that prosperity in the transportation industry and lowest costs to the public also require the cessation of the use of motor trucks for transportation tasks which can be done more economically by rail movement.

There may well be some opposition to this separation between truck and rail movement on the basis of their comparative efficiency. Quite likely some railroad men may feel that such a shift may deprive them of employment, while manufacturers of materials used for railway transportation may believe that such a development would curtail the market for their products. Such fears, however, in our opinion, are groundless. In the first place, the change is one calculated greatly to increase *line-haul* traffic by rail by making it much cheaper through reduction in terminal expenses. Such increases in railroad line-haul should create opportunities for employment and markets for materials far beyond those presented by such existing railroad facilities as are plainly uneconomical. Bedraggled and impoverished terminals and small stations which are hanging on with the minimum improvement and maintenance necessary to keep them in operation are no very live market for either labor or materials, and they constitute a drag on the industry which is preventing its expansion where a real opportunity for expansion exists. A prosperous and growing business is always a better market for both labor and the products of manufacture than is one which, in many of its older and poorly-patronized facilities, is down at the heel and only a jump ahead of the sheriff.

R. R. or Contract Trucking?

Assuming, then, that the railroads are destined to recapture a lot of the long-haul over-the-road traffic now moving by truck, and that, conversely, they will find it profitable to relinquish to truck movement a

How Hold the Perishable Traffic?

On page 709 herein will be found a statement from the National Perishable Freight Committee, occasioned by the January 27 article in this space, "Would Mechanical Refrigeration Hold the Traffic?" The Committee sets forth with great clarity the difficulties encountered by the railroads in their endeavor to find methods which will effectively meet the competition by other forms of transportation for this business.

It is obvious that the problem is far from simple; that there is an enormous investment in railway refrigerating and icing facilities that do not readily lend themselves to changed methods of refrigeration which competition has forced upon the railroads' attention; that considerable revenue is being derived from present refrigeration services; and that capital expenditures necessary to the development of refrigeration of the type being used by the railways' competitors to take traffic away from the railroads would run into large figures.

When all is said and done, though, are these enormous difficulties any more serious than the fact that the railroads' competitors are continuing daily to make greater inroads into perishable traffic—taking revenues which the railroads cannot get along without? If our information is correct, as we believe it is, one of the principal advantages which is enabling competitors to spirit perishables away from the railroads, is free refrigeration service given by these competitors, which they produce mechanically at a fraction of the cost of ice refrigeration.

A study of I. C. C. Statement No. 3951, "Fluctuations in Railway Freight Traffic Compared with Production, 1928-1938," will quickly convince the most skeptical of just how serious this loss of perishable traffic to the railroads really is. Taking the proportion of the total production of oranges and grapefruit moving by rail in 1928 as 100 per cent, the railroads in 1938 got only 68 per cent of the available business.

Of apples they lost 49 per cent of the available movement—with percentage losses of other perishables as follows: Fresh berries, 61; cantaloupes and melons, 56; fresh grapes, 56; fresh peaches, 45; watermelons, 55; other domestic fresh fruits, 38; other tropical fruits, 43; cabbage, 49; tomatoes, 39; other fresh vegetables 39; meats and packing house products, 24; eggs, 46; butter, 16; cheese, 37. About the only important perishable traffic which seems to be sticking to the railroads in the same proportion as in 1928 is lemons.

There is much to indicate that the railroad losses in perishables are relatively greater today than in 1938. The effect of truck competition had not been felt on much of this traffic in 1938, but today a great part of it is thus being threatened.

With such losses staring the carriers in the face, it is imperative that the difficulties—great as they undoubtedly are—of finding the operating, mechanical and tariff answers to these traffic losses must somehow be overcome, and that without unnecessary delay.

The pioneering spirit and technical ingenuity of the railroad industry have surmounted obstacles as tough or tougher than these—and there is no reason for believing that the same spirit and the same ingenuity will not score another victory here.

Wrote again May 21

considerable amount of terminal, branch line and way-freight handling now being done by rail, what then?

In the substitution of truck service for rail movement, what agency should do the trucking—independent truckers, the railroads themselves, or some railroad affiliate such as the Railway Express Agency? We doubt whether any one in the country is prepared to give a definitive answer to this question on the basis of present experience. All three methods are now used to do trucking in connection with railroad service and each agency appears to have its advantages in certain situations. In the greater use of trucks as adjuncts to railroad service, therefore, it seems likely that all three methods of providing this service are destined to expand, with the question of which method will ultimately prevail being left for decision until a much longer experimental period has elapsed. Here is a place where *genuine competition on a basis of complete equality of opportunity ought to give the right answer.* From this competition should arise the highest efficiency which each of the agencies is able to achieve.

Truck Competition Would Stimulate R. R. Terminal Efficiency

Moreover, it is to be noted that the line of demarcation between the movements which can be handled more efficiently by rail, on the one hand, or, on the other, by truck, is not sharply drawn. The great savings which have been effected by the adoption of Diesel-electric locomotives in light switching service have undoubtedly in some situations given rail movement superiority over truck movement, whereas with old steam locomotives, the trucks would show greater economy. The putting of all borderline way-freight and rail terminal movements and facilities "on the spot"—slating them for abandonment unless they can demonstrate superior economies over truck movement—should have the effect of putting those interested primarily in terminal movement by rail on their mettle, which might result in such improvement in rail terminal methods that some operations which appear now to be grossly uneconomic might be salvaged.

For one thing, such a movement toward truck substitution ought to have the wholly desirable effect of mitigating union demands for "full crews" and other wasteful practices. There are plenty of switching operations today using five men as the rules require which could get along perfectly satisfactorily with two or three men—and the unions might prefer to retain the jobs of two or three men in their accustomed work than to have all five transferred to other employment.

In next week's issue will be discussed some of the further crucial questions which must be answered before a rule of reason can supplant the present competitive anarchy in transportation.

Who Should Pay Transport Costs?

The report this week by Chairman Eastman of the Interstate Commerce Commission, in his former capacity of Federal Co-ordinator of Transportation, regarding "government aid to transport," does not settle but merely raises more sharply the questions of who is paying for transportation in this country and who should pay for it. It estimates that government aid to water transportation amounts to about 129 million dollars annually and to air transportation to about 21½ million dollars annually.

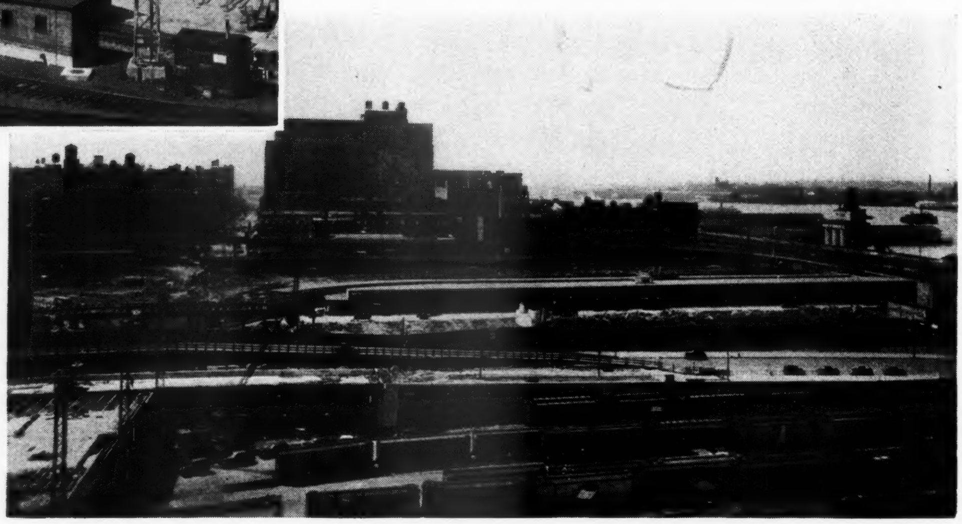
It also arrives at the conclusion that government aid to operators of certain groups of motor vehicles amounts to only 8 million dollars a year. But the most important fact about this estimate of the amount of government aid to motor vehicle transportation is the *assumption* upon which it is based. That assumption is that 60 per cent of total highway costs should be paid in general taxes by farmers, home owners and others, and only 40 per cent by users of the highways. All the conclusions of the report regarding what users of the highways do pay as compared with what they should pay are based upon this assumption.

But why was this assumption adopted rather than some other one? Why, for example, was not the reverse assumption adopted—viz., that users of the highways should pay 60 per cent and other taxpayers 40 per cent? That will require a lot of explaining, because it is solely because it starts with this 60-40 per cent assumption that the report arrives at conclusions regarding the subsidies to highway transportation widely different from those of others who have actually investigated the subject. A federal court in 1938, basing its findings on a study made by the Illinois Division of Highways, arrived at the conclusion that in that state trucks were paying from as little as \$23 to as much as \$1,000 less annually for the use of the highways than their proportionate share of highway costs. Also an official study made in Missouri estimated that in that state the subsidies to trucks ranged from \$231 to \$615 per truck per year. The estimated subsidies to trucks alone merely in the state of Illinois was 22 million dollars annually—almost three times as much as Mr. Eastman's estimate of total subsidies to all the highway users of the country.

Significantly enough, because of "room for bonafide differences of opinion with respect to some of these matters," Mr. Eastman recommends the appointment by the President of a special board to investigate questions regarding the relative economy of various agencies of transport and of government aids to transport. Farmers, home owners and other payers of general taxes, upon whom he advocates levying 60 per cent of taxes for highway purposes, undoubtedly will agree with him that real investigation, rather than a mere assumption, as to how highway costs should be divided between them and highway users is extremely desirable.

N. Y. C. Freight

Below—A Recent View of the Thirtieth Street Yard, Looking South, Which Shows the Various Elements of Construction and Improvement Work That Is Now in Progress. The New Freight House Is the Long Narrow Structure Extending Transversely Across the Picture Near Its Center



Above — Looking West Over the New Freight House and Island Platform, Showing the Elevated West Side Main Tracks and the Hudson River in the Background

MARKING a further step toward final completion of the extensive grade separation and improvement project involving the trackage and facilities of the New York Central on the west side of New York City, a modern freight house that incorporates a number of noteworthy features was recently completed at the Thirtieth-Street yard. Included among the special features of the new structure are a trucking bridge of vertical-lift construction that spans four tracks between two platforms at car-floor level; armored floor construction, involving concrete-filled grating over the entire area; platform footings incorporating provisions designed to facilitate and simplify the jacking up of the deck in case of foundation settlement; and a saw-tooth arrangement of the tailboard space.

Nature of General Improvements

To make possible an adequate understanding of the situation at the Thirtieth-Street yard and of the reasons prompting the construction of the new freight house, some knowledge is necessary of the general nature of the grade separation and improvement program. This project, which will be completed early in 1941, was undertaken primarily for the purpose of eliminating all the grade crossings on the Central's double-track freight line in New York City, which extends along the Hudson River waterfront in the city for about 12 miles. This line lies in a north and south direction along the west side of Manhattan island, and at the time the improvement project was undertaken it was located at the street level from the Sixtieth-Street yard to its southerly terminus at the St. John's Park freight station.

From the Sixtieth-Street yard south to about Thirty-Third street the double-track line occupied Eleventh avenue, and for a considerable distance south of this point was located one block east in Tenth avenue. In the general vicinity of the point where the line crosses over between Eleventh and Tenth avenues there is an extensive yard, known as the Thirtieth-Street yard, which serves a number of warehouses, an express terminal, inbound and outbound freight houses and other facilities.

South of the Thirtieth-Street yard the street and railroad grades were separated by raising the tracks on a viaduct, but north of this yard and beginning at about Thirty-Sixth street the tracks were depressed in an open cut located between Tenth and Eleventh avenues. Primarily to avoid excessive grades in the freight line where it passes from the elevated to the depressed levels, distance was introduced by looping it around the Thirtieth-Street yard. Specifically, as the elevated freight line approaches the yard from the south, where it is located just west of Tenth avenue, it swings abruptly to the west immediately north of Thirtieth street, extending in this direction to the east side of Twelfth avenue, where it turns north and continues to Thirty-Fourth street where it swings back to the east. About midway between Twelfth and Eleventh avenues the line passes off the viaduct onto an earth fill and thence extends under Eleventh avenue (elevated at this point) and enters the cut immediately east of this thoroughfare, where it again turns north.*

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* Earlier and more detailed descriptions of the West Side line changes and of the St. John's Park freight terminal appeared in issues of the *Railway Age* of July 27, 1929; June 23 and 30, 1934; and July 3, 1937.

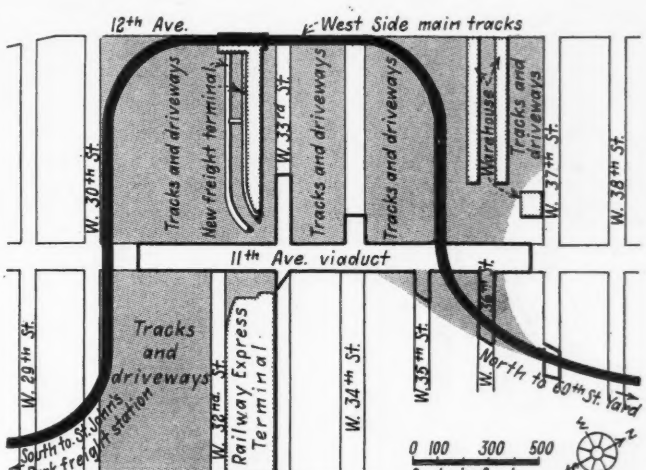
Terminal at New York Has Distinctive Features

Modern facility recently completed at the Thirtieth Street yard was built as part of the extensive West Side improvement project

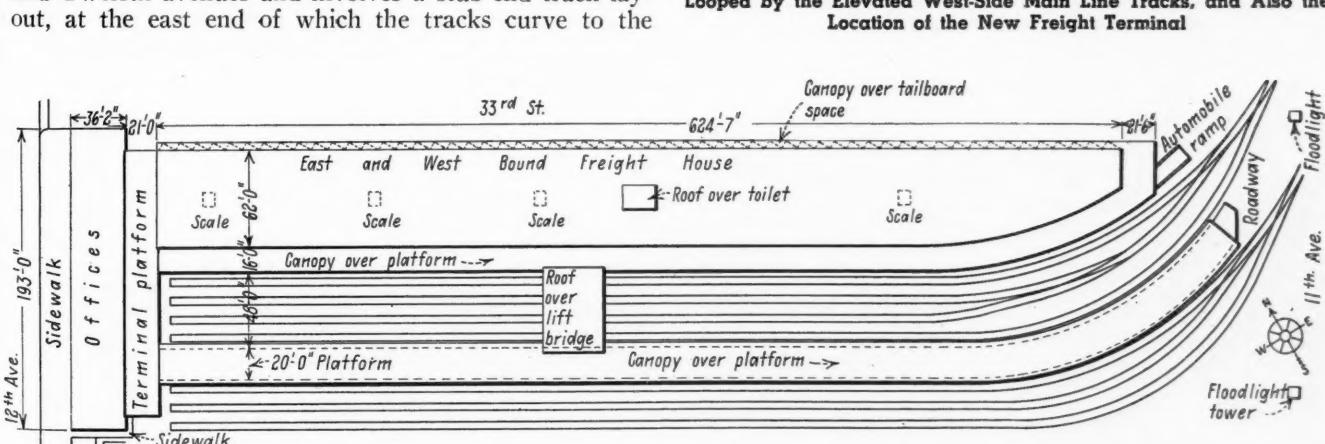
The changes described in the foregoing, which have been completed, had the effect of separating the main-line tracks from the street grades and of removing such tracks from Eleventh avenue. However, while numerous changes are being made in the arrangement of the yard tracks, they will still occupy the subsurface of Eleventh avenue between Thirtieth and Thirty-Seventh streets. To separate the grades of the yard tracks and the street in this vicinity, Eleventh avenue is to be carried across the yard on a viaduct and certain of the intersecting streets are to be brought up to the higher level on ramp grades. Because of local conditions, the necessary clearance for the yard tracks under the street viaduct could only be obtained by depressing the track grades. The depth of this depression ranges from 5 ft. to 14 ft. under Eleventh avenue but becomes progressively less in both directions. This required a general lowering of the level of the entire yard, which work is now in progress.

In connection with this phase of the project, the yard is being rearranged and as a result of these changes many of the structural facilities are being replaced. Among these are the eastbound and westbound freight houses which were located in the block bounded by Thirty-First and Thirty-Second streets and Eleventh and Twelfth avenues. These buildings have been removed and a new structure for handling both eastbound and westbound freight has been constructed immediately north of the old structure between Thirty-Second and Thirty-Third streets.

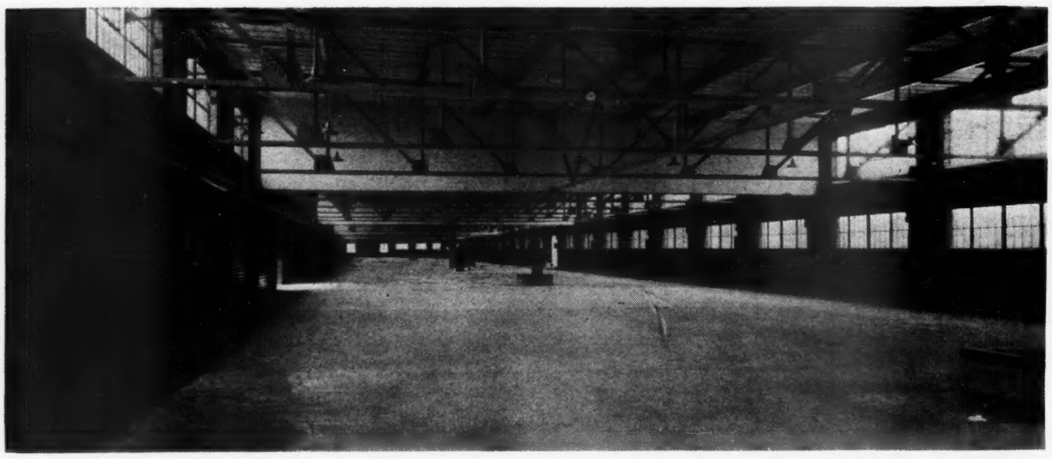
A single-story structure throughout, the freight house extends for nearly the entire distance between Eleventh and Twelfth avenues and involves a stub-end track layout, at the east end of which the tracks curve to the north in making a connection with the lead in Eleventh avenue. That portion of the structure containing the offices is located at the west end where it fronts on Twelfth avenue and is located directly underneath the viaduct mentioned previously. This part of the building has a width (parallel with the street) of 193 ft. and a depth of 36 ft. In addition to office space, it contains locker and toilet rooms for employees, offices for the United States Customs and for the general foreman, a battery-charging room, an electric service room, and storage rooms for special purposes, including one for



Sketch Map of the Thirtieth Street Yard Area, Showing How it Is Looped by the Elevated West-Side Main Line Tracks, and Also the Location of the New Freight Terminal



General Plan of the New Freight House Facilities at the Thirtieth Street Yard, New York City



The Interior of the Freight House Has an Unobstructed Width of 60 Ft. for Most of Its Length. This View Was Taken From the West End

valuable freight. The floor of this section of the structure is located approximately at the street level.

Behind the offices are the freight-house proper and a covered island platform at car-floor height, the latter being separated from the freight house for most of its length by four tracks. At their westerly ends, the freight house and the island platform are connected by a terminal platform or head house which is placed directly behind or adjacent to the offices. About midway of the length of the freight house and the island platform, the tracks separating them are spanned by a vertical lift bridge which is described in detail at another point in this article. Steam heat for the offices is provided by an oil-fired boiler located in a room at the south end of the head house.

Exclusive of the head house and offices, the freight house is 625 ft. long and for much of its length it has a clear unobstructed width on the interior of 60 ft. However, while the north side of the structure comprises a straight line, the south side for some distance at the east end is laid out on a curve in order to adapt it to the curvature of the tracks, and here the width is somewhat reduced, being about 28 ft. at the extreme easterly end.

"Saw Tooth" Tailboard Space

For its entire length along the north side, including a covered platform 21 ft. 6 in. wide at the extreme east end, the freight house is devoted to tailboard space, and along this side the structure is flanked by a concrete drive about 60 ft. wide, which connects with Twelfth avenue. As mentioned at the outset, the tailboard space is laid out on the saw-tooth plan, this arrangement being chosen because it permits trucks to be maneuvered into position more easily than does the conventional arrangement, and also because, being parked at an angle, the trucks occupy a smaller proportion of the driveway width than they would if placed at right angles to the structure. Sufficient parking spaces are provided to permit 60 trucks to be handled simultaneously. A canopy 5 ft. wide extends along the north side of the structure for its entire length. On its south or track side, the freight house has a covered platform, 16 ft. wide, which extends the full length of the structure. At the east end of the freight house, an automobile ramp connects the platform with the driveway level.

At their westerly ends, the freight house and the island platform are 48 ft. apart and are separated by four tracks, but at the easterly ends of the structures the tracks converge so that there are only three of them, and here the platforms are correspondingly closer together. The island platform, which is covered throughout its length, is approximately 706 ft. long, of which about 211 ft. at the east end is placed on a curve to conform to the track layout. That portion of the island platform that is straight is 20 ft. wide, but the curved portion widens out to a maximum width of 24 ft. Four additional stub-end tracks serving the freight-house layout are located directly south of the island platform.

Construction Features

The new freight house, including that portion containing the offices, is of brick and steel construction with concrete floors and foundations and a flat gypsum-slab roof covered with built-up composition roofing. In the freight-house proper the roof is supported by Howe trusses, the longest of which have clear spans of 60 ft. These trusses are placed on 21.5-ft. centers and are sup-

Looking West Along the North or Tailboard Side of the Freight House

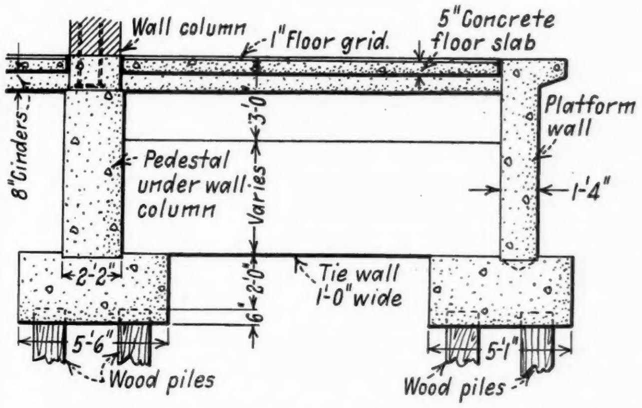
ported at their ends on H-section columns. For drainage purposes, the top chords of the trusses are pitched toward the south so that they are somewhat shallower at this end than at the north end. As a means of preventing possible fires from spreading, fire curtains of an incombustible material are introduced for the full depth of the trusses at intervals of about 130 ft.

About midway of the length of the freight house, a toilet is provided for employees. In order that this facility would present no obstruction on the floor of the freight house, it is placed at a level 9 ft. above the floor between two of the roof trusses. Located at intervals in the freight house are four built-in 2000-lb. platform scales. As a protection for the instrument boxes and gages of these units, they are surrounded in each case by a concrete curb 16 in. high.

Along both sides of the freight house the spaces between columns, except to the extent that they are restricted by the brick pilasters, are devoted to door openings. On the north or tailboard side, these doors are of the overhead roller-shutter type, while on the track side they are of the overhead counter-weighted type. Ample window openings for light and ventilation are provided by continuous lines of moveable steel sash placed in both walls above the doors.

Features of Retaining Walls

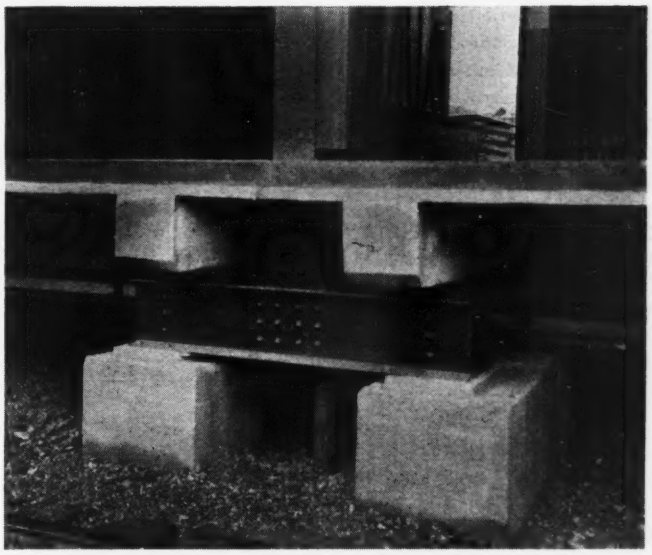
To establish the floor of the freight house at the car-floor level, it is constructed on a fill which is held behind retaining walls on both sides. The fill, which is topped



Section Through the Wall Under the Freight House Platform, Showing One of the Tie Walls

by an eight-inch layer of cinders, was placed in six-inch layers, each of which was wetted, tamped and rolled before the next course was placed. The wall on the north side of the structure follows the saw-tooth pattern and is supported on a continuous concrete footing 5 ft. 9 in. wide, which in turn rests on pile-supported piers. The latter are 11 ft. 6 in. long and 6 ft. 6 in. wide and are placed on 21.5-ft. centers. Each of the piers is so placed that it is directly under one of the wall columns, the load from the latter being transmitted to the pier through the back-up wall.

The retaining wall on the south side of the structure has a somewhat different design. This wall is placed along the outer edge of the covered platform and its most important feature is the tie-wall construction by means of which it is anchored to the foundations under the H-section columns in the south wall of the freight house. These foundations consist in each case of a concrete pedestal that transmits the column load to a concrete footing supported on four timber piles.



One of the Footings Under the Island Platform. These Are Designed to Facilitate the Jacking Up of the Deck and the Roof Columns in Case of Settlement

At each of the foundations a reinforced concrete tie wall extends between the pedestal and the platform wall. At each point where a tie wall joins the platform wall, a footing is provided which consists of a concrete pier supported on three piles. In view of the manner in which the platform wall is supported laterally by the tie walls, it acts more as a beam than as a retaining wall in resisting lateral pressure. It has a uniform thickness of 1 ft. 4 in. and does not have a continuous footing, being supported vertically only by the piers at the tie walls.

Platform Footings of Unusual Design

The supporting structure for the island platform also incorporates a number of unusual features. The platform deck, which is constructed in spans that are generally 21.5 ft. long, consists of concrete slabs cast monolithically with floor beams and stringers, there being two lines of the latter which carry the load to the substructure. The superstructure has, as the supporting members, two H-columns at alternate panel points in the deck, which carry a system of longitudinal and transverse beams that support a flat roof. The latter is covered with gypsum slabs and is pitched toward the center for drainage.

Since the ground in the vicinity of the freight house is "made land," it has a limited bearing power and, in-so-far as the island platform is concerned, the foundation problem was further complicated by the fact that this structure is situated directly over the Pennsylvania Railroad tunnel and the driving of foundation piles was not permissible. For these reasons the island platform is provided with spread footings. Because of the character of the subsoil it was considered desirable to design the platform in such a manner as to facilitate the use of jacks if it should become necessary to raise the deck because of settlement.

The footings consist in each case of a transverse base slab for spreading the load and two piers or pedestals which receive the load from the deck stringers. Each of the pedestals is designed with two bearing seats, one each for the ends of the adjoining stringers in the deck spans. Each of these bearing seats is 2 ft. wide, measured lengthwise of the platform, and between them there is a recess in the pedestal 2 ft. deep and 2.5 ft.

wide. Thus the ends of adjacent stringers overhang the bearing seats and project over the recess so that, if necessary, jacks can be inserted under them.

Alternate footings in the platform substructure are so proportioned as to receive the load from the H-section columns in the superstructure. These footings embody the same design principle as the others, but both the base slabs and the pedestals are somewhat wider, measured transversely of the platform, in order to provide the necessary additional bearing area for the columns. These members extend through the platform deck on the outside of the stringers, and a needle beam embodying two channels is provided at the base of each column for transmitting the load to the two bearing seats of the pedestal.

Something of an innovation in freight-house construction is presented by the armored floor construction that is provided throughout the freight house and on all the platforms. This floor consists of interlocking steel grating placed over the concrete base, with the spaces between the bars in the grating filled with 1:3 cement grout. To facilitate the installation of the grating at the proper level with the desired degree of accuracy, it was laid on continuous cement grout shims, averaging ½ in. in depth and 5 in. in width, that were placed about 5 ft. apart, this dimension corresponding to the length of the grating sections.

Vertical Lift Bridge

Another feature of the new freight house that is worthy of mention is the vertical lift bridge that spans the four tracks between the island platform and the freight house. The hoist mechanism of this structure is operated by a motor which is arranged overhead above a fixed roof or canopy that protects the bridge from the weather. The bridge itself is 49 ft. 10 in. long and 16 ft. wide and embodies as its principal members two 27-in. 145-lb. I-beams placed 15 ft. 9 in. on centers. Spanning between these members at intervals are smaller I-beams, while the floor beams consist of 9-in. channels. The deck consists of heavy-duty steel gratings. When in the lowered position, the bridge is seated by means of timber bearing shoes under the ends of the main members on four pile-supported concrete piers, one at each corner. These piers also serve as footings for the four H-section columns that support the roof over the bridge.

At its ends the bridge flares out to a width of about 24 ft. and at each corner there is a wood guide shoe that moves in a vertical guide. The guides consist of channels that are fastened to the flanges of the H-section columns that support the roof. The latter structure, which is of the gable-type with a shallow pitch, has a steel frame and, like other roof areas throughout the structure, embodies gypsum slabs covered with built-up composition roofing.

Mounted above the roof on a steel frame-work is the motor drive, a 30-hp. unit, and other operating parts. The motor, which is of the wound rotor induction crane-hoist type, is placed midway of the length of the bridge, and through a speed reducer unit it actuates two shafts, one extending to each end of the bridge. Through a bevel gear, each of these shafts is connected with a transverse shaft which in turn is connected, through a spur-gear reduction, with a hoist drum at each end. Thus, there are four hoist drums, one at each corner of the roof, and from each of the drums the hoist cable is reeved through a sheave on the bridge and back up to an anchor attached to the supporting column.

The motor is provided with an electric solenoid brake and pilot control mounted on the shaft extension. This unit and all other operating parts located on the roof of the bridge are provided with weatherproof housings, and they are made accessible for repair and adjustment by suitable walkways of steel grating, which are reached from the platform level by a ladder at the freight-house end.

Movements of the lift bridge are controlled by push buttons from a station on the freight-house platform.

Looking Across the Vertical-Lift Bridge From the Freight House Platform

In both the lifting and lowering movements the bridge moves at the rate of 13 ft. per min., although at the extremes of travel this is reduced to 5 ft. per min. For the information of trainmen when switching cars on the freight-house tracks, two signal lights, each with red and green indications, are mounted on the east side of the bridge. When the bridge is in the raised position these lights are green but if it should drop even slightly below this position, they automatically turn to red. When the bridge is in the raised position, the clearance above the top of rail is 18 ft.

The entire west side grade separation and improvement project, of which the construction of the freight terminal is an integral part, is being carried out under the general supervision of J. W. Pfau, chief engineer of the New York Central Lines, Buffalo and East, in accordance with an agreement with the city of New York, and pursuant to an order of the Transit Commission of the State of New York. James Stewart & Co., New York, was the general contractor for the freight terminal building.

Thirty-five Hundred Vehiclemen employed by the Railway Express Agency have operated express trucks without an accident during a five-year test period ending December, 1939, and are to receive special safe-driving merit cards signed by President L. O. Head. In addition, some 6,000 other drivers will be similarly honored by regional heads for accident-free records maintained from one to three years in succession.

Railway Express Agency inaugurated a safe-driving plan in 1934 under which safety committees of employees were formed in principal cities to carry on the campaign in local express organization units. Because of public interest in the awards, city police heads and other municipal authorities or officers of safety councils, chambers of commerce and other civic bodies will participate in the presentations.

Eastman Issues Subsidy Report

As had been anticipated, report purports to show highway users "paying their way," by neat device of charging them with only 40 per cent of highway costs

WASHINGTON, D. C.

GOVERNMENT aids to transport in 1936 (with some fill-ins with 1935 and 1937 data) totaled $193,616,000, of which $128,528,000 or 66.6 per cent went to water transportation, $35,635,000 or 18.5 per cent to the railroads, $21,453,000 or 10.8 per cent to air transportation and $8,000,000 or 4.1 per cent to motor-vehicle transportation, according to the report on that study of Public Aids to Transportation which was undertaken by Interstate Commerce Commission Chairman Joseph B. Eastman in his former role of federal co-ordinator of transportation. The long-awaited report—a four-volume job—was made public on April 15 with the explanation that the delay in publication, "which some have found difficult to understand," was accounted for "by the attention necessarily given to other duties and by the complexity of the subjects treated, the need for considering the views expressed by those who commented on the reports, and the necessity of bringing underlying data up to date, as far as possible."

As had been anticipated from discussions of the "tentative drafts" that were submitted to interested groups, the report embodies cost-allocation formulae which purport to show that motor-vehicle users as a class have "paid their way" since 1927, although a few vehicle groups do not, there having been five groups in that deficit class in the year 1932 for which a table showing costs per vehicle and payments per vehicle by groups is set up. The $8,000,000 for aids to highway transport mentioned at the outset was an estimate of the 1937 aids to the motor-vehicle groups found not to be paying their way.

Eastman Comment on Conclusions

Credit for the report, according to the foreword by Mr. Eastman, belongs to Dr. Charles S. Morgan, former director of the co-ordinator's research department and now assistant director of the commission's Bureau of Motor Carriers; although Mr. Eastman adds that "the responsibility for these reports is one which I assumed

Conclusions on Motor Transport Based on "Astonishing Assumption," Says Pelley

In response to an inquiry by Chairman O'-Mahoney of the Temporary National Economic Committee, J. J. Pelley, President of the Association of American Railroads, on April 15 commented as follows regarding the so-called Eastman subsidy report:

The report on highway costs just issued by the former federal co-ordinator of transportation boils down to this, that home-owners, farmers and others who pay general taxes ought to pay 60 per cent of the total cost of highways and streets, while those who use the highways should pay only 40 per cent of the cost.

It is only by making this astonishing assumption that property owners and general taxpayers should bear 60 per cent of the cost of highways, while highway users should pay only 40 per cent, that the authors of the report manage to arrive at the conclusion that motor vehicles are paying too much toward the cost of the highways built for and used by them. That means, of course, that they think the general taxpayers are paying too little and should pay more. I don't think the taxpayers of the country will accept any such conclusion as correct.

As between the ordinary automobile and the big truck, the report says that trucks are paying more than their share, and automobiles just enough.

The question of whether trucking companies pay their share of the cost of the roads they use is one to be determined by careful study of the facts in each state. Two states—Missouri and Illinois—have made such studies, and both have found that big trucks are paying only a fraction of the actual cost which they impose upon the highways. The rest is made up by automobilists and property taxpayers.

An official study in Missouri shows that the subsidy runs from $231 to $615 per truck per year. An official and comprehensive study in Illinois shows that subsidies to trucks run up to $996 per truck per year.

These studies, as I understand it, are made by the state highway departments, who are familiar with the methods of construction, soil condition, traffic, wear, etc. These figures are contrasted with those in Mr. Eastman's report which indicate that the over 5-ton combination truck pays $287 more than it should pay per year.

Railroads contribute more than $35,000,000 a year to the construction and maintenance of highways, through the payment of taxes on their property. This is eight million dollars more than the total taxes, fees and charges of all sorts paid for all purposes by motor trucking companies which haul freight for hire between cities on the highways, as railroads do on tracks.

But highways are just one of the purposes for which railroads pay taxes. The million dollars a day which railroads paid in 1939 was spent for every sort of public purpose—for schools, hospitals, police and fire protection, the administration of justice, and all the many services of government. That is what makes railroad taxes so totally different from the payments made by motor trucking companies under the guise of taxes, with which they are sometimes compared.

What the trucking companies pay is spent almost altogether on the roads and streets which these companies use as their places of business. Railroads provide their own places of business and maintain them.

The taxes collected from these motor trucking companies are small indeed compared with the burdens which their operations impose upon the highways and the others who use them.

as federal co-ordinator of transportation and which I continue to assume." The former co-ordinator then indicated the extent to which he personally accepts and endorses the results reached in the reports, saying: "By reason of my many other duties I have not been able to give them anything like the same intensive consideration that Dr. Morgan has given. I have, however, kept in touch with them in the course of their preparation, read them in both tentative and final forms, and considered the comments and criticisms of those to whom they were submitted in tentative form. The final drafts incorporate many changes, major and minor which I have suggested . . . So far as the underlying facts are concerned, I am convinced that everything possible with the facilities at our command has been done to ascertain them fully and accurately . . . In the interpretation of the underlying facts and in deriving conclusions therefrom, occasion has often arisen for the application of certain principles or theories, to some extent involving questions of public policy . . . It is here that the greatest room for differences of opinion lies, and I make no claim of 100 per cent validity for all of the conclusions, thus reached, that are presented in the reports."

Because of "the room for bona fide difference of opinion with respect to some of these matters," **Mr. Eastman restates his position in favor of that provision of S. 2009, the pending omnibus transportation bill, which calls for appointment by the President of a board to investigate the relative economy of various agencies of transport and government aids to transport.** "The reports herewith presented," Mr. Eastman says in that connection, "would, I am sure, be of the greatest possible aid to such a board of investigation and research, because they would eliminate the need for an enormous amount of research into underlying data, and would also present the salient questions which are involved in the interpretation of these facts and in deriving conclusions therefrom. The proposed board would, however, constitute a tribunal before which those who are disposed either to contest or to support the statement of facts and the conclusions reached in the reports could present their evidence and views at length and from which they could obtain a further adjudication. The questions involved are so large and important that they merit such further consideration."

The Four Volumes

The first of the report's four volumes is in two parts, covering in turn the "General Comparative Analysis," and "Public Aids to Scheduled Air Transportation;" Volume II, entitled "Aids to Railroads and Related Subjects," includes Part I, Aids to Railroads, Part II, The Taxation of Railroads and Part III, Nonproductive Expenditures of Railroads; Volume III, Public Aids to Transportation by Water, covers in its three parts "Waterway Improvements and Related Aids," "Government Transportation Operations on Inland Waterways—An Analysis of the Inland Waterways Corporation," and "The Panama Canal;" and Volume IV is entitled "Public Aids to Motor Vehicle Transportation—An Analysis of Highway and Street Costs and Motor Vehicle User Payments."

Here is the tabulation of the "1936" aids to the various agencies from which the figures given at the outset were taken:

Agency, and Form of Aid	Amount	Per Cent
Steam railroads, 1936:		
R. F. C. and P. W. A. loans	$26,000,000	13.5
Use of waterway improvements	2,850,000	1.5
Use of public domain	6,785,000	3.5
Total	*35,635,000	18.5
Water transportation:		
General waterway improvements, less $2,850,000 assigned to railroads, 1935	126,150,000	65.3
Loss on operations of Inland Waterways Corporation, 1935	400,000	0.2
Loss on operations of Panama Canal, 1936	665,000	0.3
Loans to and mail contracts of domestic shipping lines, 1936	500,000	0.8
Less duplication between first and second items	†187,000	...
Total	$128,528,000	66.6
Air transportation:		
Scheduled air transportation, 1936	$14,433,000	7.2
Domestic civil air transportation other than scheduled air transportation, 1936	7,020,000	3.6
Total	$21,453,000	10.8
Motor-vehicle transportation, operators of certain groups of vehicles, 1937	‡8,000,000	4.1
Grand total	$193,616,000	100.0

* Less an indeterminate amount for offsetting nonproductive expenditures, plus an indeterminate amount for aid represented by Federal grade-crossing expenditures, each for the year 1936.

† Duplication arises from inclusion of municipal terminals used by Inland Waterways Corporation with all public terminals.

‡ This figure is based on the findings in Vol. IV, p. 153, for the year 1932, on the "modified" basis; on the "unmodified" basis the total was about $40,000,000 in 1932. It somewhat overstates the amount which should be set up for 1936.

The Aids to Railroads

The aids to railroads arising from R. F. C. and P. W. A. loans are calculated on the basis of savings in interest and other financing charges which would have been involved in borrowing the same amount of money in the regular money markets; the $2,850,000 for the use of waterway improvements results from an allocation of proportional benefits from waterway expenditures to railroad marine operations. The item of $6,785,000 for the use of public domain arises from an assignment of that money value (above any consideration which may have been paid) to railroad rights to occupy and use streets, river crossings, pier and waterfront property and other public domain. Meanwhile, the report eliminates from its statement of current aids to railroads any allocation of the land grants and other construction aids granted in the early days of railroading. In that connection consideration was given to the effects of the many changes in the ownership of railroads, of reorganizations, of the rebuilding of properties out of earnings, and of abandonments of rail lines; and the analysis led to the conclusion that **"the net benefits now derived by the railroads as a whole from the construction aids is small and probably negligible."** With respect to this conclusion, Chairman Eastman said: "The reasoning on this point is quite involved. It seems sound to me, but I have not been able to dispel some lingering doubts."

Before coming to the above tabulation of "1936" aids, the report had undertaken to evaluate the government assistance given to the various agencies of transport throughout their respective histories. First on the list comes the aids to railroads which are divided into those given to secure construction, mainly in the two decades following 1850, and those given since the World War. The public aid found was: To secure construction of railroads, $1,282,000,000; from the World War to 1936, $161,000,000; total, $1,443,000,000. The most important items making up the total are federal and state land grants ($429,000,000, "after appropriate deductions for obligations incurred"), local donations of lands ($232,000,000), right in public domain ($118,000,000), and savings as a result of financing through R. F. C. loans ($115,000,000). The land grants are here appraised on the basis of what the railroads realized from them in the way of proceeds from sales or value of tracts still held; although the report sets up the results of translating the land grants into dollars on the basis of

the value of the lands to the federal or state governments at the time of their donation.

In his foreword Mr. Eastman notes his agreement with the report's preference for the valuation on the basis of what the railroads realized. "I do not believe," he said, "that contemporaneous amounts received by the government for the sale of similar land to settlers furnish any real measure of the potential value to the governments of the enormous tracts which were donated to the railroads . . . The aid which they received is surely measured by what they were able to realize from the lands, rather than by their value to the governments at the time of donation, even if a satisfactory estimate of such value were possible."

Nonproductive Railroad Expenditures

Continuing on the aids to railroads the report finds that an indeterminate amount of public aid has been conferred on railroads in recent years by the government's program of grade-crossing work, but that the railroads are entitled to a limited amount of credit against aids for nonproductive expenditures incurred by them. In the latter connection the report later suggests that the federal government might well modify its doctrine that the railroads must assume the entire risk that waterway improvements requiring alteration of bridges will be made, and adopt the rule that the railroads should pay for reconstructing their bridges only in proportion to the benefits they will derive in given instances. Also, it is suggested that grade-crossing elimination costs should be apportioned according to the benefits respectively to be realized by the railroads, the federal government, state and local governments, communities and individual property owners.

With respect to the land-grant-rate situation the report considered what it regarded as all the factors involved and concluded that repeal would be in the public interest. That conclusion is modified, however, by a discussion of questions pertaining to the disposition of outstanding claims for lands and of granted lands still held by the railroads. In the former connection the report suggests that railroads having claims for lands still in litigation with the government should perhaps not be expected to relinquish such claims as could be sustained without compensation, "adjusted to reflect the liklihood of sale had the lands been secured at an earlier date." With respect to the unsold lands, the report cites taxes and other expenses of holding them and suggests that the railroads would, "on the whole, be ahead if they gave them up." Thus, "it would seem desirable to require them, under a general statute permitting negotiation of the transactions in the light of particular circumstances and conditions, to give these lands up for the abatement of their obligations to the government. Justice would be done, roughly at least, and a needlessly complex land situation materially improved."

Aids to Water Transportation

Turning to waterway improvements and related aids, the report finds that up to June 30, 1936, $2,917,000,000 of federal funds had been made available for river and harbor improvements, of which approximately $2,139,000,000 is considered attributable to navigation, divided about 71 per cent for new work, 26 per cent for maintenance and operation and three per cent for unallocated cost of construction plant. Mention is also made of additional "large federal expenditures" for aids to navigation and terminals, and large state and local expenditures, estimated at 1¼ billions of dollars for canals, terminals and other waterway improvements.

Getting down to 1935, the federal expenditures on the seacoast harbors and channels, Great Lakes harbors and channels, the Mississippi, and "other inland waterways" totaled $94,488,000, which is said to comprise about 95 per cent of the federal outlay on waterways that year. Thus the total for 1935 would be about $100,000,000 to which was added similar annual costs of state and local improvements (mainly the New York State Barge Canal and the Illinois Waterway) amounting to $12,500,000. Added also was $32,870,000, an "informed approximation" of the cost of terminal facilities provided by federal, state and local governments, less amounts recovered in rentals or otherwise. The 1935 total by this time has become $145,000,000 of which $129,000,000 represents the public aid to domestic water transportation. The report goes on to say that the total would be higher at the present time, although it notes, as stated above, that $2,850,000 is assignable to railroad use of waterway improvements.

Chairman Eastman anticipated that the proponents of the waterways would challenge the above findings, calling for offsets based on "savings in transportation costs" accruing to waterway users and other shippers whose rates by other modes of transport have been reduced as a result of waterway competition. The former coordinator replies with an assertion that such an argument confuses costs with benefits, adding that **there is "probably little identity of interest" between the beneficiaries of the waterways and those who bear the costs.** Whether or not, he adds, benefits received by waterway users "can properly be regarded as sufficient justification for free use of facilities constructed at public expense is wholly a question of sound public policy. The answer to this question may be in the affirmative or in the negative, but it has nothing to do with the question of what the actual costs are."

The scrutiny of the government-owned Inland Waterways Corporation includes a restatement of its accounts to reflect costs not properly accounted for and costs incurred by the government for which the Corporation is under no obligation to account. The restatement produces a deficit for the 1924-1935 period of $9,734,675; while use of a higher interest rate and inclusion of taxes and certain other expenses that would normally be borne by a private enterprise would raise that deficit to $15,516,234. The I. W. C. balance sheet as of the close of 1935 showed a surplus of $369,866.

Meanwhile, the Panama Canal—"our only important toll-bearing facility"—earned net operating revenue of $128,955,793 over the period 1921 to 1936, equivalent to 1.91 per cent on the investment less the amount set up in the report for depreciation and amortization. The deficit after interest at three per cent was about $75,750,604. The public aids to domestic users of the canal's transit facilities, represented by the difference between the return earned and a three per cent return, is placed at $665,000 for the year 1936. Other aids to water transportation are set up for such items as shipping loans, ocean-mail contracts benefits accruing to purchasers of ships built by the government during the World War.

Aids to Motor Transport

Coming to motor-vehicle transportation, the report finds that about 22 billions of dollars were used for highway and street purposes from 1921 to 1932, and that subsequent expenditures had brought that total to 31 billions by 1937. Before getting into the allocation of some of these billions to various classes of highway users the report explains and undertakes to justify the

formula adopted for apportioning the total as between highway users as a class and the general taxpayer. "Several suggested methods of assigning responsibility have been considered, but none is wholly satisfactory," it says. "The method adopted involves consideration of (1) the added costs incurred for the benefit of motor-vehicle users, (2) the proportion of local or 'land-service' use of the different road and street systems, and (3) the extent to which roads serve community needs, narrowly defined. Historical data, a considerable volume of statistics relating to the uses made of roads and streets, and trends in expenditures over a period of years were closely examined.

Would Have Road Users Pay Only a Fraction of Road Costs

"It was concluded that in the period 1921-32, motor vehicle users should have borne 80 per cent of the annual cost of state highways, that their share of the responsibility for county and local roads rose from 15 per cent in 1921 to 31.5 per cent in 1932, and that 12 per cent of the costs of city streets should have been charged against such users in 1921 and 28.5 per cent in 1932. The weighted average responsibility over the period was 36.3 per cent and in 1932, 45 per cent. In the period from 1933 to 1937, the percentages used were 83, 34, and 30, respectively, or 48.5 per cent on the average. While judgment necessarily entered into the determinations of these several percentages, it is believed that they are reasonable within the limits of error inherent in any study of this kind."

Chairman Eastman's foreword includes a lengthy discussion of these findings with respect to the apportionment of highway costs. The difference of opinion with respect to them, as evidenced by the position of the railroads, he says, "again involves a question of public policy." He adds that highways "have distinct public uses apart from transportation," continuing to say:

"Because of this general social and economic use, which until recent years was predominant, the cost and upkeep of public highways were from time immemorial regarded as a proper burden upon general taxation, except for the occasional toll roads which were constructed for special transportation purposes and often were privately owned. Every one derived an immediate benefit of one kind or another from the highways, and hence they could appropriately be made a general public burden. This is well illustrated by the railroads, which made only a small direct use of the highways but gained a large benefit from them as feeders for the rail lines.

"In recent years, however, with the development of the automotive vehicle and the paved road, the highways have come to have a large use not associated with the ownership of property subject to general taxation, and often for distinctly commercial transportation purposes and as a substitute for the railroads. So far as such uses are concerned, it is both logical and appropriate that the costs incurred in the construction and maintenance of the highways should be a direct charge on the users instead of a burden on general taxation."

Eastman Admits His Views Not Capable of Mathematical Demonstration

The former co-ordinator went on to call attention to the "public utility" theory of highway finance, advanced by the railroads, which, he said, "they do not pursue to its utmost logical conclusion;" and to the differences between the percentages of motor-vehicle user responsibility assigned in the report and those urged by the railroads. The major difference of opinion in this connection comes in the apportionment of costs of county and local roads and city streets. The question, Mr. Eastman points out, is not a matter "capable of mathematical demonstration;" but he adds that the report "gives very fully the reasons for its conclusions with respect to the division of costs between the users and the general taxpayers, and in my judgment they are good and sufficient reasons." Winding up his comment on the controversy, the former co-ordinator recalls how the railroads "had the opportunity to express to me, both orally and in writing, their views on the highway carriers." Their contentions, he added, "impress me as being carried to extreme limits."

Anyway, the report proceeds to apply the apportionment percentages which it favors to the cost of highways, and it finds that in the 1921-32 period motor vehicle users as a class were responsible for $5,994,761,000 of the $16,527,100,000 total of highway costs; during the 1933-37 period they are assigned $4,363,807,000 of an $8,991,989,000 total. After making what were regarded as proper adjustments the payments by motor vehicle users were found to have exceeded these assigned costs by $108,000,000 in the 1921-32 period and by $277,000,000 during 1933-37, or by $385,000,000 in the entire period 1921-1937. Payments are found to have first exceeded assigned costs in 1927. The percentages of "excess" payments—0.6 per cent in 1921-33—and 3.1 per cent in 1933-37—are called negligible, so that "for all practical purposes" it may be said that motor-vehicle users as a class have paid their way since 1927."

This general statement is followed by a warning that **caution should be observed in applying the conclusion to any individual state;** while attention is next directed to the question of whether all groups of vehicles pay their proportionate share of the costs assigned to motor-vehicle users as a whole. There comes a presentation of what is termed the "final comparison of costs and payments per vehicle," derived after consideration of such factors as pavement costs, costs of eliminating curvature, relative utilization, etc. Results obtained from the use of cost allocation factors different from those employed in the report are also set out.

In this connection, Chairman Eastman, "speaking from the standpoint of a mere lay observer who has had some opportunity to note the demands which private automobiles make upon the highways and the standards which have been followed in the construction of some which are devoted to their use exclusively," observes that the theory advanced by the railroads under which a heavy responsibility for road costs would be assigned to the heavier vehicles, "seems to me to be patently unsound." He cites the technical questions presented and states his belief that the report's conclusions, "involving a partial compromise with respect to the most controversial of the cost elements, are well supported."

Five Vehicle Groups Found to Be Underpayers

In any event the results of the formula's application to 1932 data are set forth. The tabulation shows that only five vehicle groups did not pay their way in 1932. For five-ton private and for-hire trucks, the underpayment was $31 and $54 per vehicle, respectively; for five-ton private combinations it was $34; for school buses and 1½-ton and less private trucks it was $5. The private automobile broke even, incurring assigned costs of $26 per vehicle and making payments of a like amount. The biggest "overpayers" were the for-hire truck-trailer combinations of over five tons capacity—$287 per

vehicle; next were common-carrier buses of over 20-passengers capacity—$249. Other "overpayments" ranged from $3 per vehicle to $156. The report suggests that if similar data were set up for 1937 they would perhaps show one or two instances of "slight underpayments" in the case of the larger vehicles, with no "underpayments" in the case of light vehicles.

The public aid conferred on scheduled air carriers was found to have been $35,236,000 in the period from July, 1930, to cancellation of the air-mail contracts in July, 1934, and $29,418,000 from the resumption of private operations in May, 1934, to July 30, 1938. The total for the eight years was $64,654,000; in addition, public provisions of airways, airway services and airports aggregated $55,777,000 in the period 1926 to 1938. If, however, the air-mail use of airways is not charged against the air lines, the latter figure becomes $46,209,000. Meanwhile aids to nonscheduled uses of airways and airports, other than government uses, aggregated $56,500,000 in the same period. The problem of finding the amount involved in public aid to scheduled air lines is called an "especially difficult" one; and thus the amounts set out are characterized as "at best only approximate."

Next comes a brief discussion without specific findings of aids received by interurban electric railways. In the case of pipe lines, "nothing significant" in the way of public aid was found; the aid represented by certain occupancies of public domain, the report goes on, has been removed from future consideration by reason of the recent assessment of charges for such occupancy.

Then after a discussion of nonproductive expenditures of railroads and other carriers as possible offsets to public aids, the report gets into its comparison of public aids received by the several forms of transportation. This is where the above table of the "1936" situation is set up. In using that comparison the report suggests that consideration may properly be given to the fact that carriers by water, air and highway pay no taxes for the support of the general functions of government on the publicly-provided facilities which they use. This fact is said to have no bearing on the amount of public aid received, but it is brought into the picture as a competitive factor. Thus the report sets up amounts for such taxes, computed at 1.25 per cent on the remaining unamortized costs of publicly provided facilities (or, in the case of highways and streets, the gross underpayment arising from the inclusion of taxes found for those vehicles which failed to meet assigned costs plus taxes). These "constructive" tax figures, some for 1935 and others for 1936, totaled $79,180,000, including $20,220,000 assignable to water transport, $960,000 to air transport and $58,000,000 to motor transportation.

Suggests Tolls on Waterways

In evaluating the benefits of public aids to transportation, the report directs attention to the **advantages from waterway expenditures derived by the large shipper** and to the fact that the benefits accrue for the most part within territories in close proximity to the improvements. Among his comments on this evaluation section of the report, Chairman Eastman discusses the contention of waterway proponents that rate cutting by competing modes of transportation lessens the amount of traffic seeking the waterways and thus increases the unit costs. Such discussion by the former coordinator leads up to a suggestion that some tolls should be levied for use of the waterways. In that connection he has this to say:

"Whether the railroads and other competing carriers retain the traffic at reduced rates or lose it entirely, in either event they are clearly hurt, and obviously this injury is something which must be taken into account in weighing the net public benefits. It may be conceded that the introduction of more efficient or economical means of transportation ought not to be prevented to save existing carriers from injury, for otherwise progress would be stopped. **However, in determining whether a new means of transportation is actually more efficient or economical, plainly all the costs which are incurred in making it available must be taken into consideration, and not a part of them only.**

"I find, I confess, some difficulty in thinking this problem through. In determining whether a new waterway should be constructed, the essential question, it seems to me, is whether, assuming no reduction in the normal rates of competitors, it would make available new means of transportation which could function, taking *all* costs into consideration, more economically than existing means. I realize, however, that this would often be a most difficult question to answer. So far as existing waterways are concerned, I am much inclined to the opinion that tolls of some amount should be assessed for their use, upon condition that competitors increase their rates by like amounts. I would not at the start advocate, in most instances, fully compensatory tolls, but only such as it is believed the traffic will be able to bear, leaving future policies to be determined in the light of experience."

Transport Planning Should Embrace All Factors Which Make Transport Problem

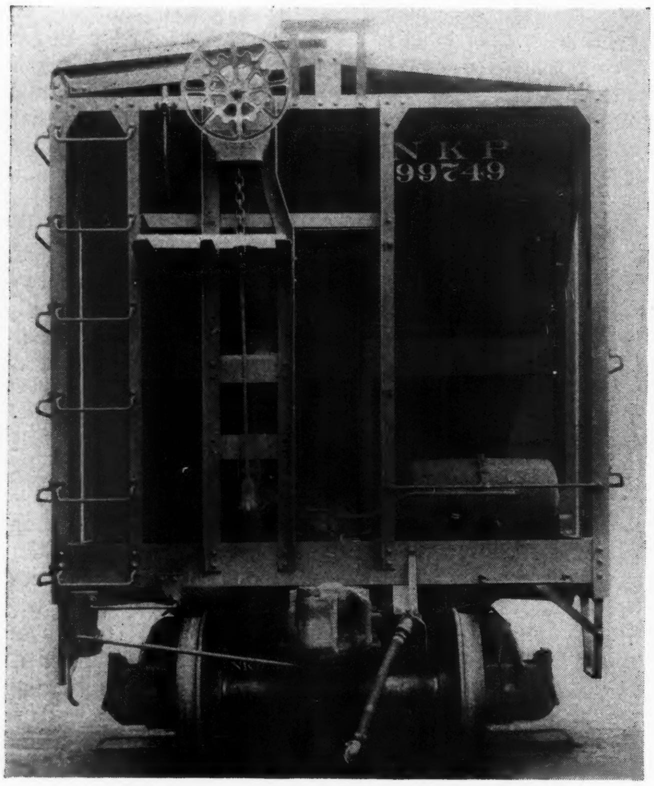
Turning to the problems having to do with transportation facilities now available, the report notes that basically there is a surplus of transportation facilities, with some like the railroads attempting to pay their way while competing with others who do not. It goes on to say that four lines of attack are possible—removal of aids to water and other forms of transport, lightening the burden on the railroads, permit greater railroad use of transport facilities provided through public aid, and a program of public aid for railroads. Each of the foregoing is discussed in turn as the report leads up to its review of considerations and procedures with respect to adding to transportation facilities. There come suggestions for transport planning in the future, which planning should be "as broad as the forces which produce the problems to be coped with." In other words it is suggested the merits of any given project should be appraised, and the report sets up detailed criteria to be used in such appraisals.

These criteria are used as the basis for economic analyses of proposed superhighways, of the so-called "master plan for free highway development" recently set up by the Public Roads Administration, and of a proposal for a national system of airports. The four volumes of the report may be obtained from the Superintendent of Documents, Washington, D. C., for $2.40 per set (paper covers). Individual volumes will not be sold.

In connection with its "Fishermen's Special" trains, the Long Island has prepared a folder containing a detailed chart of the principal fishing grounds around Long Island together with a specially-compiled table of tides covering the waters about Canoe Place and Montauk, which are the principal destinations of the anglers. The folders are being distributed through the director of the road's fishing information bureau at Pennsylvania station, New York.

Nickel Plate Buys Covered Hopper Cars of Large Capacity

Seventy-ton units with a capacity of nearly 2,000 cu. ft., provide economical loading for the lighter as well as the heavier bulk commodities



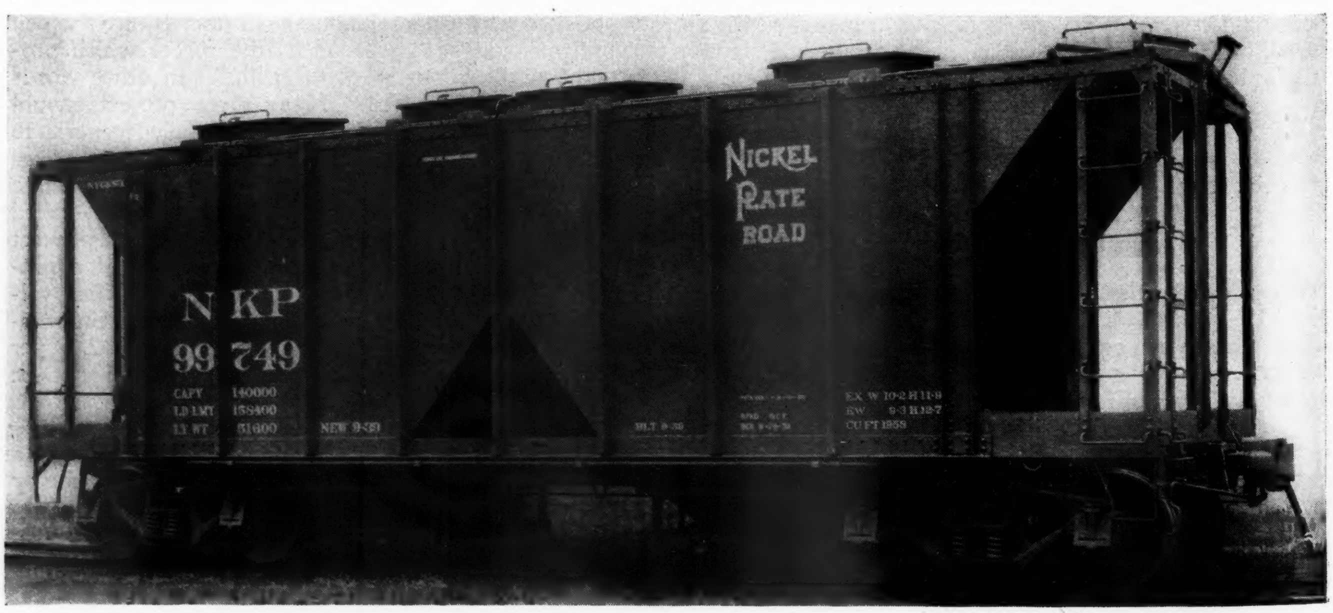
Hopper Sheets Are Fitted with Vibrator Brackets

An order of fifty 70-ton covered hopper cars for the New York, Chicago & St. Louis has recently been completed at the Berwick (Pa.) plant of the American Car and Foundry Company. These cars, for the transportation of bulk commodities which require protection from the elements, are similar in structure to those from the plant of the same builder purchased during the past three years by the Lehigh & New England for cement handling.* The new cars are somewhat larger. They are nearly 3 ft. longer and have a capacity 168 cu. ft. greater. Their light weight, however, is about 2,200 lb. less than that of the smaller cars. This is partially accounted for by the inclusion of only eight roof hoppers instead of the ten on the first lot. While intended primarily for the transportation of the heavier type of bulk commodities, the large volumetric capacity makes the new cars particularly suitable for lighter materials, such as wood flour, Fuller's earth, soda ash, etc.

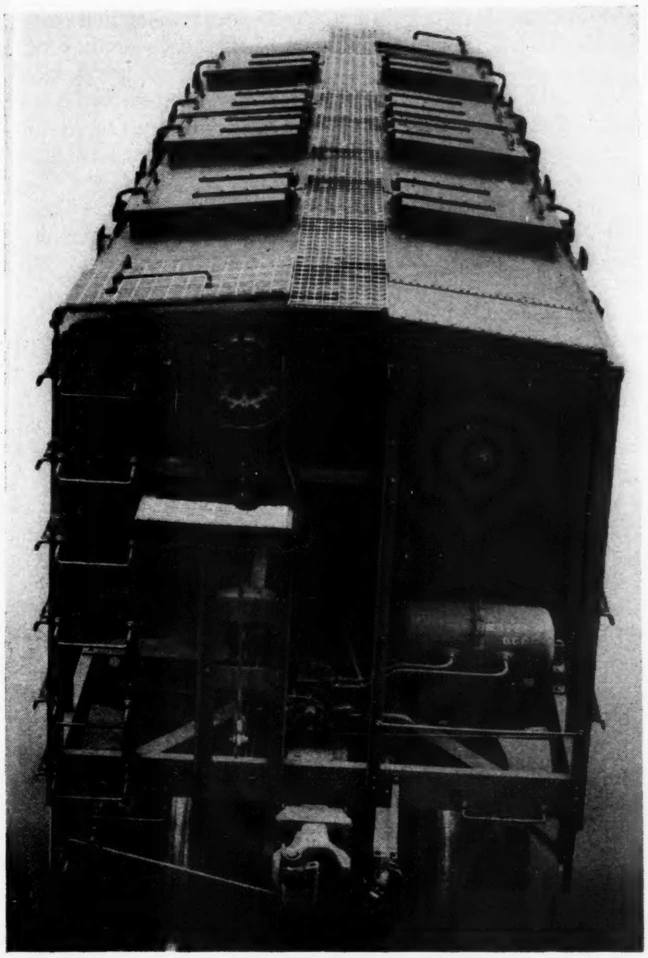
Following the established practice of the American Car and Foundry Company, all joints inside the body in contact with the lading are welded. This method of construction, as compared with a riveted structure, presents a smooth surface to the outflow of the lading and, in conjunction with the 50-deg. slope of hopper and floor sheets, speeds up the unloading time.

The eight roof hatches are designed and spaced to facilitate quick and uniform loading. The four hatches

* These cars were described in the *Railway Age* of August 19, 1939, page 287.



The Nickel Plate Covered Hopper Cars Have a Ratio of Revenue Load of 75.5 Per Cent of the Gross Load



The Cars Have Eight Roof Hatches and Metal Running Boards

on either side can be locked or unlocked simultaneously by means of the builder's standard locking mechanism. Hatchdoor locking bars extend the full length of the car on each side. Each bar is locked at both ends of the car between the two end doors with a seal-pin arrangement. The bars have sufficient tension in the arms to insure a door being held water-tight.

Enterprise cast-steel frames and gates are welded to each hopper outlet. The lowest point of the frame is 9 in. above the top of the rail.

Cars of this type, loaded with cement up to the load limit, have been completely unloaded in two hours from the first opening of the gates to the final closing when dumped into a 10-in. diameter screw conveyor. When dumped into a open chute with all four bottom gates opened, total discharge has been accomplished in 22 min.

The superstructure sides are amply stiffened against bulging by the transverse bulkhead and the pressed-steel side stakes.

The body bolster is of the conventional hopper-car type, built of plates and shapes. A cast-steel side-bearing brace is riveted to the bolster just above the side bearing.

The cars are fitted with Apex Tri-Lock galvanized metallic running boards, both longitudinal and latitudinal.

Vibrator brackets are fastened to the hopper sheets. These permit the use of Syntron electric vibrators, compact devices which vibrate against the sheet at a frequency of 3,600 per min. Any tendency of such material as cement, wood flour, etc., to arch can be overcome by the use of this device and a steady flow through the outlet insured.

It protects the hopper sheets from damage by the use of sledge or bars. The brackets, one of which is shown on an end view of the car, have tapering flangeways in which the vibrator wedges solidly in place and from which it can be readily loosened with a light hammer blow.

Stress-bearing shapes, such as the 35-lb. car builder's channel center sills, 10.3-lb. Z-bar side plates, channel end sills and bolster posts, sub side sills, etc., are of open-hearth steel to A. A. R. Specification M-116-37. Side sheets, roof sheets, hatch frames and covers, side stakes, hopper sheets, transverse partition, etc., are of copper-bearing steel to Specification M-116-37. Other sheets, plates, gussets, etc., are open-hearth steel to the same specifications.

Principal Dimensions and Data for the 70-Ton Covered Hopper Cars Built by the American Car and Foundry Company for the New York, Chicago & St. Louis

Length over strikers, ft.-in.	35-2¾
Length inside, ft.-in.	29-3
Length center to center of trucks, ft.-in.	25-3
Width overall, ft.-in.	10-1½
Width inside, ft.-in.	9-5½
Height over running boards, ft.-in.	12-9⅝
Height to top of side plate, ft.-in.	11-9
Capacity, cu ft.	1,958
Capacity, tons	70
Light weight, lb.	51,600
Load limit, lb.	158,400
Ratio light weight to revenue load	3.07
Ratio revenue load to gross weight, per cent	75.5

The cars are carried on Buckeye four-wheel trucks with Carnegie-Illinois two-wear steel wheels and 6-in. by 11-in. journals. On the trucks are National snubbers and Stucki side bearings. The AB brakes were furnished by the New York Air Brake Company. Ajax hand brakes are on 25 of the cars and Champion brakes on the other 25. The draft gears are Miner A22XB; the couplers, Symington-Gould rotary unlocking Type E.

The principal dimensions and data for these cars are shown in the table.

Great Difficulties Face Mechanical Refrigeration

The following statement comes to *Railway Age* from the National Perishable Freight Committee, bearing on the important question of the applicability of mechanical refrigeration to the railroads—as a means of retaining and recovering perishable traffic from competitors who provide such refrigeration:

ON page 200 of the January 27, 1940, issue of *Railway Age,* there was a general article entitled "Would Mechanical Refrigeration Hold Traffic?" which suggested that the use of mechanical refrigeration for freight refrigerator cars would afford more economical refrigeration service for perishables than the methods now used, and could be furnished at much lower price for refrigeration than the actual present cost obtaining under the "antiquated methods now employed."

Believing that you will be glad to have the facts as determined by investigations and experience, the following is respectfully submitted:

Only about one-third of the loads carried in general service refrigerator cars require refrigeration, the re-

mainder needing ventilation or insulation service, or heater service. In many cases the protective service for a shipment is changed enroute; such as from ventilation to refrigeration; ventilation to heat; refrigeration to heat, etc. Furthermore, many of the shipments furnished refrigeration have a large amount of water ice applied on the lading for the purpose of preventing wilting of the commodities and to keep them moist and fresh. The cars supplied must meet all of these service requirements, for satisfactory and economical use.

The type of construction of refrigerator cars in which mechanical refrigerating equipment has been experimented with, has been such as to limit their use to refrigeration only. As carriers are also required to supply cars suitable for furnishing ventilation and insulation, and heater service, if mechanically refrigerated cars should be used for shipments requiring refrigeration, another type would have to be provided and maintained to meet the requirements of the other service. This would be expensive and uneconomical.

Even though it should be feasible and practical to equip the present type cars with a satisfactory system of mechanical refrigeration, it would be essential to install it in practically all cars so that refrigeration service could be supplied in any of them in the event it were ordered, yet only approximately one-third of carload perishable traffic for which the railroads provide the cars requires refrigeration. This would involve an enormous investment and the unnecessary hauling of a tremendous amount of extra weight to be able to supply the type of protective service required by the small proportion of the perishable shipments transported.

Difficulties Which Face the Designer

It is well recognized by refrigerator car construction engineers and others who have pioneered experimentally with mechanical refrigeration for freight cars, that it is most difficult if not impossible to build a unit which will operate satisfactorily and be substantial enough to withstand the conditions encountered in freight train operation. The units involve the use and operation of precise refrigerating equipment such as gas-tight pipes, fittings and joints; power equipment, gears, compressors, absorbers, and other appliances which are subject to loosening and dislocation while trains are in motion, and the problem of maintaining and keeping the refrigeration equipment tight and operative at all times while cars are moving, is one which has not yet been solved.

In the operation of long freight trains means for spacing the cars for slack absorption do not exist, as with buffeting devices on passenger cars. Each freight car must be constructed as a separate unit and when moving in long trains over grades, bunching of cars cannot always be prevented and this causes vibration and shocks tending to weaken and break connections in a refrigerating system; also the weaving motion of cars rounding curves and handling in switching terminals has the same effect. To keep mechanical refrigerating equipment properly operating in a freight car would be expensive as well as difficult.

As contrasted with refrigerating machinery in a cold storage or ice-making plant, where it is observed at regular intervals by an engineer during the period of operation, mechanical refrigerating units in freight cars could not be given this extensive supervision except by having engineers or specially trained men travel with the cars and this would be quite costly. The nature of the machines requires someone who understands their installation, maintenance and operation with the car at all times with necessary tools and replacement equipment to repair quickly any defects which might develop while car was enroute, for the loosening of a single joint or delicate part of the machine, particularly the thermostatic temperature control apparatus, would make the whole system inoperative and unless immediately corrected, undoubtedly would result in spoilage of lading.

Another complication involved in the use of mechanical refrigeration in freight cars is that of providing motive power to operate the refrigeration machine, as it must be secured through some device connected with the car wheel or axle, or by some type of engine as a part of the unit. In passenger train service power may be obtained by equipping cars with a generating set and batteries, but this is not adaptable to freight cars as they are shorter and the trucks are not designed to adapt themselves to application of a generator set. The speed of freight trains and a long lay-over of cars at shipping points, diversion terminals enroute, and destinations, are such that batteries could not be satisfactorily charged at frequent intervals to keep the refrigerating system in operation and, if this were practical, the costs would be almost prohibitive.

A number of different types of mechanical refrigerating systems have been developed and installed for experimental use in freight refrigerator cars and have been thoroughly tested and tried out. While shippers have used the cars experimentally, they soon returned to the conventional ice refrigerator equipment. None of the mechanical refrigerating units experimented with has been satisfactory and sufficient to meet the general demands of car refrigeration. In warm weather, fruits and vegetables when loaded are at field heat temperatures, often ranging higher than 75 degrees, and mechanical refrigerating machines have not produced sufficient refrigeration to reduce the temperatures and supply satisfactory refrigeration service for shipments not precooled to a temperature around 40 degrees. A mechanical unit sufficient to reduce efficiently the temperature of the lading in such cases, and absorb heat infiltration through the planes of the car would require capacity about twice as great as any yet designed and this would greatly increase the cost and weight.

Mechanization Would Increase Costs

The carriers and refrigerator car companies having the responsibility of providing refrigeration for refrigerator cars are not and have not been unmindful of the necessity and desirability of furnishing to the shipping public the most efficient refrigeration service possible. They realize, however, that the service must be economical as well as efficient. In adhering to this policy, many improvements in refrigerator cars and service have been developed and adopted. Systems of mechanical refrigeration as well as other methods which might result in efficiencies and economies have been carefully investigated and tested, always with the idea of providing the most satisfactory service at the lowest cost.

Up to the present time, no mechanical refrigerating system which will perform satisfactorily, not involve the many difficulties mentioned, and provide sufficient refrigeration for all classes of shipments in refrigerator cars, has been developed, nor has any such system indicated economy or efficiency in comparison with the use of ice, or ice and salt, in the modern end bunker general-service refrigerator cars supplied at the present time for transporting and rendering protective service for perishable products. In the long run, the shipper must pay whatever the costs of service may be and, based upon investigation and experience, to equip refrigerator cars with

mechanical refrigerating devices, even though they could be satisfactorily operated, would unquestionably increase costs and result in further loss of traffic.

I. C. C. Throws Out R. F. C. Plan for M. & St. L.

WASHINGTON, D. C.

IN a 9 to 1 decision with Commissioner Mahaffie writing a sharp dissent in which he chided the majority for the calibre of its reasoning, the Interstate Commerce Commission on April 15 denied authority to the reorganization managers of the Minneapolis & St. Louis to effect a plan of reorganization for that road which would divide it into two parts to be owned by two newly-organized companies. Because this is the second plan sponsored by the Reconstruction Finance Corporation in that the new money for the consummation of the plan would be furnished by that agency, informed opinion in Washington is inclined to consider this denial as a direct slap to the R. F. C.

Position of Majority

The cornerstone around which the majority of 9 members build their thesis may be thus summarized briefly in their own words:

"The plan here proposed is not in conformity with the spirit and purpose of the consolidation plan, and if approved conceivably might be construed as an invitation for other lines in financial difficulties to seek the same relief and result in at least a partial collapse of railroad consolidation efforts."

To rebut this thesis, Mr. Mahaffie makes the following reply:

"The first ground above referred to is the one on which the decision, as I understand it, primarily rests. This commission has repeatedly recommended that the 'consolidation plan' feature be eliminated from the law. Both houses of Congress have lately passed legislation proposing to do exactly that. That legislation is currently being considered in conference. So 'lack of conformity with the spirit and purpose' of the consolidation plan seems a wholly inadequate basis for the denial of an application if it is otherwise one that should be approved. It is not suggested that the law itself is in any way violated—only its spirit and purpose."

Plan Provides for Two Companies

Details of the second plan to rehabilitate the M. & St. L. were given in detail in the *Railway Age* for May 20, 1939, page 882. Briefly, the plan contemplates that the 1,520-mile road, which has been in receivership since July, 1923, would be split into two new separate operating companies linked by stock ownership. The purchase of the properties by the two new companies would be financed by a $5,000,000 loan from the R. F. C. guaranteed by 25-year first mortgage bonds bearing interest at the rate of four per cent.

Besides denying authority to the Minneapolis & St. Louis Railway Company to issue $5,000,000 of first mortgage four per cent bonds; $3,091,000 of second mortgage bonds, series A, 150,000 shares of common capital stock without par value; and to assume liability for $155,460 of equipment trust notes of the receiver of the road, the commission also denied authority to the Minneapolis & St. Louis Railroad Corporation to issue 10,000 shares of common capital stock of no-par value.

After pointing out that the allocation of $1,253,000 of second mortgage bonds, series A, to pay compensation and various expenses of legal counsel and the reorganization managers, Coverdale & Colpitts, is a "serious objection" to the plan, the nine-man majority proceed to discuss the so-called "public interest" phases of the controversy.

It had been argued by the applicants, says the commission, that it would seem self-evident that to remove the railroad from receivership would promote the public interest to some extent, and that there is certainly a need for reorganization if invested capital thereby can earn some return, when no prospects of such return exist otherwise, particularly when, as here, the service to the public would be at least as efficient, and stronger lines of railroad would be created than existed prior to reorganization; and that while it is possible for a railroad to continue in receivership indefinitely if it can pay its operating expenses, including wages and taxes, there comes a time when those having capital invested in the enterprise have a right to some return.

Sees New Company Worse Off

While conceding the desirability of removing railroads from receivership where possible, the majority contend that the record does not support the argument that service to the public will be as efficient or that stronger lines of railroad will be created. The decision goes on to assert that the weaker lines assigned to the new corporation are placed in a "relatively worse" position under independent operation than when joined with stronger lines in a unified operation, and an added burden of expense is created without in any way increasing earning power or efficiency.

"As previously stated," the decision continues, "the estimated increase in traffic and accounting expenses from operation of the properties, as proposed, will amount to $11,000 annually, and the protesting interveners are skeptical with respect to the estimate. They believe that the additional cost will far exceed the amount indicated. Such skepticism is not without foundation. The receiver and his officers were almost unanimously of the opinion that the unified operation of the properties involved is preferable to a divided operation and is more efficient and economical. The only reason advanced by the applicants for a division of the properties is that it is a condition precedent to a loan by the Finance Corporation, but no reason appears in the record as to why that organization made such a condition. * * * * *

"The protesting interveners argue that the proposed plan also is inconsistent with the present national transportation policy and contrary to the intention of Congress when it passed the consolidation act, particularly in view of the fact that in consolidation cases we have required some protection for weak lines, and that if it is sound to require protection for weak lines it is unsound to permit the weaker lines of a railroad system to be segregated from the stronger and thus deprived of the support of the latter. We believe there is merit in this contention."

"Consolidation Contemplates Unification"

After admitting that it would still have control over the allocation of both companies to any system in its consolidation plan such as system No. 10, Illinois Central to which the M. & St. L. is assigned, the commission decision continues its discussion of consolidations

by asserting that "we cannot escape the fact that the consolidation act contemplates unification and not separation of railroad properties. The underlying purpose of that act is to group weak and strong lines in such a manner that a strong national transportation system will be created. Any arrangement tending toward the contrary cannot be in harmony therewith."

The majority decision concludes with the statement that "A denial of the proposed plan will continue the lines in receivership, but nothing we have stated herein should be construed as our entertaining any objection to an early reorganization of this property. As will be observed from this report, our principal objections to the plan before us are, first, the division of the present company into two companies, and second, the issuance of the second mortgage bonds as proposed. The property is now reaching a satisfactory state of maintenance, and its earnings are encouraging. Under such circumstances, there appears no reason why a plan of reorganization cannot be worked out later which will be as satisfactory to the security holders and creditors as the present one and which will conform to the spirit and letter of the law respecting consolidations, and be otherwise in the public interest."

Commissioner Mahaffie Dissents

Taking up the majority's objection to the issue of second mortgage bonds to persons having claims against the estate, Commissioner Mahaffie commented that "Of course, some of these claims as presented seem somewhat fantastic, but that fact affords no reason, as I see it, for adverse action on the applications. What claimants ask is of little consequence. What is allowed by the court and permitted to be paid out of the estate is the important thing. In general, the payment in securities of the new company of such fees as are finally allowed ought to be encouraged. It cuts cash requirements in connection with reorganization and demonstrates the faith of the claimants in the enterprise. So far as the fees, either as such or in amount, are concerned, we, by appropriate conditions, can, if we think proper, eliminate or limit them."

"This property has been in receivership since 1923," continued Mr. Mahaffie. "During that time it has not even been able to pay claims having priority over mortgage debt when receivership started. On all counts, ending the receivership and returning the property to its owners seems desirable. Possibly the owners can do no better with it than the receivers have done, but they ought to have a chance to try.

"The reorganization plan proposed is drastic. It has been drawn in realization both of the history of the property and of its future prospects. It is the recognition of the doubtful character of a part of the property that leads to the present condemnation of the plan. Portions of a railroad that can be operated only at a loss must be supported by the system as a whole—or be abandoned. All too often the necessity to support unproductive parts of a system, or to maintain losing services, saps the strength of a whole property. Such support, for various reasons, may be continued long after the waste involved has become evident. This plan attempts to avoid that danger. It separates the property into two parts. The one having the better earnings prospect is expected to carry the debt incurred in effecting the reorganization and in making improvements, but is not to be responsible for any operating deficits of the second. The latter will be enabled to operate as long as it can earn its living. It will not be entitled to the support of its relatives.

"I think the creditors of the Minneapolis & St. Louis have a right to demand such an opportunity, as they are asking in this proceeding, to realize something on their claims. At best they can expect to recover only a small fraction of the face amount of their claims. Part of the property they think sound. That part they propose to segregate and to use it as the basis for credit. The remaining part they are willing to operate as long as it can pay its way, but assume no obligation beyond that.

"The $5,000,000 necessary to effect the reorganization and to make improvements to the property is," the commissioner concluded, "under the plan, to be borrowed from the Reconstruction Finance Corporation. The loan, if made, must be approved by us. To approve we must find the security adequate. By basing the loan on the better portion of the property and avoiding liability for operating losses on the balance, a basis for that finding is sought to be provided. In view of the earnings history and prospects of the property as a whole it seems doubtful if, without such segregation, the finding required could be made."

Commission Approves Erie Reorganization Plan

WASHINGTON, D. C.

A FINAL plan of reorganization for the Erie which would reduce its capitalization from $490,-953,630 as of December 31, 1939, to a new figure of $332,692,250, and would give the present preferred and common stockholders a chance to share in the earnings of the new company, both through the outright issuance of new common stock and purchase warrants entitling them to buy other stock, was issued on April 13 by Division 4 of the Interstate Commerce Commission. Commissioner Miller noted a short concurring opinion in which he objected to certain financial arrangements approved by the majority.

Fixed charges of the Erie and the Chicago & Erie in 1938 were $14,368,842 comprised of interest of $12,377,-592 and rents for leased roads and equipment, $1,991,-250. Under the approved plan, which becomes effective as of January 1, 1940, the new capital structure of the Erie, including bonds of the Chicago & Erie, and the new annual charges, exclusive of rents, would be substantially as follows:

	Principal Amount	Annual Charges
Fixed interest debt	$138,289,887	$5,628,245
Payments to capital fund	....	1,600,000*
Contingent interest debt	52,987,392	2,384,923
Sinking fund payments	....	264,447
5 per cent preferred stock	39,001,323	1,950,066
Common stock, no par value taken at $40 per share	102,413,648	....
Totals	$332,692,250	$11,827,681

* 2 per cent of railway operating revenues ($80,000,000 estimated).

Position of Chesapeake & Ohio

The Chesapeake & Ohio, which has had control of the road through the ownership of 55.68 per cent of the voting stock, would receive less than 10 per cent of the new preferred and common, but if it were willing to pay $40,000,000 to exercise its option to purchase new common, it would again have actual control of the company.

The capitalization of the reorganized company, upon consummation of the plan, exclusive of any obligations

which may have been authorized by the commission after November 15, 1939, the date of submission of this case, and prior to the consummation of the plan, would be approximately as follows: Equipment-trust obligations $18,233,000 as of January 1, 1940; New York & Erie first-mortgage 4-per cent bonds $2,482,000; new collateral-trust notes $14,000,000; new first-mortgage 4¾-per cent bonds, series A, $5,955,850; new first-mortgage 4-per cent bonds, series B, $74,909,775; new income-mortgage 4½-per cent bonds, series A, $52,889,392; State of New York grade crossing obligations $3,538,018; obligation to the National City Bank, Cleveland, Ohio, $171,244; trustees' notes $7,000,000; new preferred stock, series A, $39,001,323; and new no par value common stock 2,560,341 shares.

Obligations remaining undisturbed include equipment-trust obligations, $18,233,000 as of January 1, 1940, New York & Erie first-mortgage bonds $2,482,000, State of New York grade crossing obligations, approximately $3,538,018, a note to the National City Bank, Cleveland, Ohio, approximately $171,244, and trustee's notes of $7,000,000. The total obligations left entirely undisturbed thus aggregate $31,424,262. In addition equipment-trust obligations and certificates of indebtedness issued after the submission of the case would remain undisturbed. There is also an obligation to the Rayen Terminals Company which in effect is an installment-purchase contract but in the form of a lease, says the report. It would be treated as an obligation under a lease.

Obligations to Be Paid in Cash

The following obligations of the debtor would be paid in cash: Accrued and unpaid interest on New York & Erie first-mortgage bonds; the principal amount of New York & Erie second-mortgage bonds, $2,135,000, and of New York & Erie third-mortgage bonds, $4,616,000, with accrued and unpaid interest thereon at the coupon rates to the dates of payment of the principal amounts, or at such other rates as the court finds to be equitable; the Railroad Credit Corporation notes, principal amount approximately $686,928, and the accrued and unpaid interest thereon at 4 per cent per annum to the date of payment of the principal, or at a lesser rate of interest if accepted by that corporation; the balance of $1,564,640, as of January 3, 1938, due on loans from the Guaranty Trust Company of New York, the First National Bank of the City of New York, the Manufacturers Trust Company, the Chase National Bank of the City of New York, the Chemical Bank & Trust Company, and the Commercial Trust Company of New Jersey, with accrued and unpaid interest to the date of payment of the principal.

Treatment of Bondholders

The holders of bonds of the classes stated below would receive for each $1,000 bond and all unpaid interest thereon as of the effective date of the plan, the following amounts of new securities: Erie first-consolidated mortgage prior-lien bonds, $1,100 of new first-mortgage 4-per cent bonds, series B; Erie first consolidated mortgage general-lien bonds, $250 of new first-mortgage 4-per cent bonds, series B, $500 of new income-mortgage 4½-per cent bonds, series A, and $350 of new preferred stock, series A; Erie general-mortgage convertible bonds, $250 of new first-mortgage 4-per cent bonds, series B, $250 of new income-mortgage 4½-per cent bonds, series A, and $590 of new preferred stock, series A; Erie & Jersey first-mortgage bonds, $1,150 of new first-mortgage 4-per cent bonds, series B; Genesee River first-mortgage bonds, $1,150 of new first-mortgage 4¾-per cent bonds, series A; Erie refunding and improvement mortgage bonds, series of 1927, $75 of new first-mortgage 4-per cent bonds, series B, $150 of new income-mortgage 4½-per cent bonds, series A, $140 of new preferred stock, series A, and 20 shares of new no-par-value common stock; said bonds, series of 1930, the same amount of bonds and preferred stock as received by series of 1927, and 20.1121 shares of no-par-value common stock.

The Reconstruction Finance Corporation, for a total claim of approximately $22,175,717, would receive $7,360,000 of new first-mortgage bonds and approximately $14,815,717 of new income-mortgage bonds.

Under the above distribution the amounts to be received by the holder of each $1,000 bond would be as follows:

	Securities of reorganized company			
Outstanding issue	First-mortgage bonds	Income bonds	Preferred stock	Common stock no-par shares
Prior-lien bonds	$1,100	...	...	....
General lien bonds	250	$500	$350	....
Convertible bonds	250	250	590	....
Erie & Jersey bonds	1,150	...	...	....
Genesee River bonds	1,150	...	...	....
Refund. & Imp. bonds:				
Series of 1927	75	150	140	20
Series of 1930	75	150	140	20.1121

The holders of unsecured claims would get new no-par common stock at the rate of one share for each $40 of the amount of each claim as allowed, including interest to the extent, if any, that the same is allowed by the court. Such claims would include damages for rejection of leases in such amount as shall have been adjudicated or approved by the court.

Treatment of Stockholders

The holders of stock of the debtor would receive one share of new common stock for each five shares of common, first preferred, or second-preferred stock now held.

Purchase warrants would be issued to stockholders of the debtor entitling them to purchase 1¼ shares of escrowed stock for each share of preferred or common stock now held, at any time before January 1, 1945, for $37.17 a share, plus interest at 4½ per cent per annum to the date of purchase, less any dividends paid on the stock to that date. The escrow agreement and certificates of beneficial interest would provide that as warrants are exercised by stockholders of the debtor the shares of stock to be transferred would be determined by lot. In any determination by lot the maximum number of shares in one ownership to be considered a unit for the purpose of the drawing, each ownership thus comprising one or more units, would be determined by the reorganization managers but such maximum number would not be in excess of 100 shares.

The plan also provides that the new company obtain approximately $14,000,000 of new money, either from the Reconstruction Finance Corporation or through private channels, through the sale of new collateral-trust notes of that amount, and the pledge of first mortgage bonds.

The reorganization managers would be five in number, one designated by the debtors, one by the Reconstruction Finance Corporation, one by the Metropolitan Life Insurance Company, one by the Prudential Insurance Company, and one by the group of institutional holders of refunding and improvement mortgage bonds. The board of directors of the new company would consist of 15 members, initially to be designated by the reorganization managers, but thereafter to be elected by the stockholders, the first election to be held not later

than 120 days after the consummation of the plan. The new preferred stock would be entitled to three members on the board.

Sale at Upset Price Provided

As in other reorganization plans, the commission made provision for the sale of the property at an upset price if the creditors fail to approve the plan.

Commissioner Miller, in his concurring opinion, said that he wished to call attention to the desirability of setting up sinking fund payments in terms of a percentage of earnings, a participation provision rather than a cumulative requirement for income bonds, the use of no par value preferred stock and conditions under which fixed interest bonds may be issued in the future.

S. 2009 Conferees Resume Meetings

WASHINGTON, D. C.

CONFEREES on S. 2009, the omnibus transportation bill, resumed their meetings with an April 17 session which recessed until the next day with no official announcement but with unofficial predictions that the conference report would be in final form before the end of the week. Meanwhile President Roosevelt's continuing interest was indicated when Senate Majority Leader Barkley, after an April 16 conference with the President on legislative matters, revealed that Mr. Roosevelt had inquired about the status of the Wheeler-Lea bill.

As noted in last week's issue House Majority Leader Rayburn, after the previous White House conference on legislation, said that S. 2009 was among the measures which would go through before adjournment. It is understood that the April 17 meeting of the conferees was devoted in the main to correcting certain language in the drafts of the water carrier provisions; also, it is understood that the Harrington "labor-protection" amendment, the provision on which no agreement had been reached when the conferees concluded their previous series of meetings on March 23, was not disposed of on that first day of the resumed meetings. Meanwhile a corrected draft of his separate bridge bill has been introduced in the House by Representative Hobbs, Democrat of Alabama. It is H. R. 9381, a substitute for H. R. 9292 introduced previously by Mr. Hobbs, as noted in last week's issue.

S. 2009 was discussed by Conferee Reed, Republican of Kansas, in a radio address delivered over the Columbia Broadcasting System on April 14. Senator Reed characterized the bill as the "beginning of a national transportation policy" which the country has been "20 years late" in adopting. He does not think S. 2009 goes far enough, but "it is a beginning." The provisions which would bring water carriers under regulation comparable to that imposed on railroads and motor carriers, the Kansan called "simple justice," reflecting a policy to which "no fair minded man can object." Previously Senator Reed had found the cause of our transport ills in the surplus of transportation facilities, augmented in the past two decades by the building of highways and "money reasonably expended on economical water transportation and improvidently wasted on uneconomical water transportation for which there is no demand, and which never can be economically justified."

As for himself, Senator Reed has "no preference for any one form of transportation, and no prejudice against any other form." What he is trying to do as a United States Senator "is to help the country straighten out its tangled transportation situation so that the most efficient and economical services may be given to the public at the lowest cost." Whatever may have been the fact in the past, he thinks the time is gone when it is advisable to subsidize any form of transportation. "We have," he went on, "come to the time when every character of transportation should stand on its own feet without burdening the taxpayer by wasting his money, whether by unwise governmental expenditures or wasteful competition between private capital investing in unneeded transportation facilities. This is the philosophy and purpose of the Wheeler-Lea bill."

Next after brief reference to the development of transportation in this country, Senator Reed asserted that the Wheeler-Lea bill "proposes only equality in regulation;" and went on to refute charges that it is a "railroad bill." "It is nothing of the kind," he said. "Even some members of Congress have misunderstood and, possibly, misstated the situation. I can assure my hearers that no form of transportation can secure a monopoly, or that any group controlling any form of transportation can put any other kind of efficient transportation out of business. Any person who tells you otherwise is not speaking with candor or truth. Every safeguard possible for us to write into a law has been put in the Wheeler-Lea bill."

On the previous evening another radio address on S. 2009 was also delivered over the Columbia System by Representative Keefe, Republican of Wisconsin. Mr. Keefe's address was in the main an argument in support of his contention that there should be a period of 30 days for study of the conference report between the time it is issued in final form and the time it is called up for action by the Senate and House. Also, the past week or so has turned up a few additional "extensions of remarks" in appendices to the Congressional Record. In the April 11 issue of the Record, Representative Cole, Democrat of Maryland, one of the S. 2009 conferees, inserted the address delivered by Chairman Lea of the House committee on interstate commerce at a Baltimore, Md., meeting of the Maryland Motor Truck Association on March 27.

In the same issue went an "extension of remarks" by Representative Mansfield, Democrat of Texas, chairman of the House committee on rivers and harbors, who had previously extended himself in the April 8 Record, as noted in last week's issue. This time Mr. Mansfield "talked" about the waterways and national defense, suggesting that it would be "well nigh foolhardy" in these "critical times" to pass a bill "making our waterways subservient to a railroad commission having the will to throttle waterway development and transportation in order to safeguard or enhance the profits of railroads." "Lest there be any lingering doubt" as to the attitude of the I. C. C., Mr. Mansfield quoted that language from Chairman Eastman's dissent in a recent fourth-section case which reads as follows: "It would be more economical for the government not to construct and maintain the waterways, but instead to use an equivalent amount of money as a subsidy to the railroads in exchange for lower rates."

Representative Culkin, Republican of New York, who has been a prolific extender of remarks came through again in the April 16 issue of the Record—with an essay entitled "Free Waterways Provide an Essential Yardstick for Low-Cost Transportation of Agricultural Products." Among other things, Mr. Culkin complained about the extent and complexities of the I. C.

C.'s pending general investigation of rail and rail-water rate differentials, calling the proceeding a reflection of "bureaucracy at a new antisocial and criminal low." Previously, the New Yorker had professed to be amazed that some of his colleagues from farm states were supporting S. 2009, and thereby assuming an attitude contrary to that of the army engineers, who, Mr. Culkin added, "are the greatest living economists on water transportation," and who "are definitely imbued with the belief that unfettered water transportation is the only available yardstick by which oppressive and destructive railroad rates can be measured and reduced."

In the same issue of the Record appeared another "extension of remarks" on the Wheeler-Lea bill—Representative Bland, Democrat of Virginia, chairman of the House committee on merchant marine, was "speaking" that time. Mr. Bland asserted that "regulation of water transportation in conformity with railroad regulations means the destruction of waterway transportation;" and he went on to argue for passage, instead of S. 2009, of his bill, H. R. 4307, which would place the regulation of all water carriers under the Maritime Commission and provide machinery for the co-ordination of such regulation with I. C. C. regulation of railroads and motor carriers.

Plan Would Wipe Out New Haven Equity

WASHINGTON, D. C.

FOLLOWING closely the recommendations of Examiner Harvey H. Wilkinson which were reviewed in the *Railway Age* of November 25, 1939, page 818, Division 4 of the Interstate Commerce Commission, temporarily augmented by Chairman Eastman, promulgated on March 12, a final plan of reorganization for the New York, New Haven & Hartford which would drastically reduce the total capitalization and fixed charges and eliminate the equities of the present preferred and common stockholders.

Chairman Eastman wrote a lengthy dissenting-in-part opinion in which he objected to the failure of the majority to include in the reorganized New Haven company the properties of the Old Colony which would not be reorganized at this time, and urged that the New Haven not be reorganized now due to a lack of information regarding the earnings of the Old Colony. Commissioner Miller, concurring in part, would have had the majority write into the plan a provision for the issuance of warrants to the preferred and common holders instead of wiping them out completely.

The plan also provides that the Providence, Warren & Bristol and the Hartford & Connecticut Western, secondary debtors, be reorganized in connection with, or as a part of, the reorganization of the New Haven, and their properties and assets transferred to the principal debtor. Provision is also made for the acquisition of the properties and assets of the Boston & Providence by the New Haven.

Capitalization Drastically Reduced

Under the plan as approved by Division 4 the capitalization of the New Haven would be reduced from $464,833,806, as of October 23, 1935 (the date of filing petition for reorganization), to $365,000,000; and fixed charges and guaranties from $19,531,323 to $6,232,331.

Under the plan, the effective date of which would be January 1, 1940, the new capitalization and charges would be as follows:[1]

Issue	Amounts	Fixed Charges	Contingent Charges
Undisturbed equipment trusts....	$12,872,000†	$477,012‡	....
Underlying bonds	22,422,000	896,880	....
Collateral trust notes	12,834,905	513,396	....
Fixed interest 4 per cent bonds...	88,930,361	3,557,214	....
Total fixed interest debt........	$137,059,266	....	....
Rent for leased roads............	....	787,829	....
Capital funds	....	....	1,000,000
First and refunding mtg. sinking fund	....	....	300,000
Income 4½ per cent bonds.......	88,786,567	....	3,995,395
Income mtg. sinking fund........	....	....	443,933
Total funded debt	$225,845,833	....	....
5 per cent preferred stock ($100 par value)	70,525,061	....	3,526,253
Common stock ($100 par value)..	68,629,106	....	....
Total capitalization	$365,000,000	$6,232,331	$9,265,581

[1] The figures do not reflect the securities issuable for the acquisition of the Boston and Providence properties. This would involve the issue of $3,039,213 of fixed interest bonds, $1,467,520 of income bond and $1,467,520 of preferred stock and would involve additional fixed charges of $121,568.

† Includes $121,000 due January 1, 1940, and excludes new equipment trust to be issued as of February 1, 1940.

‡ Includes estimated charges of $22,000 on proposed equipment trust of 1940, but as trust had not been issued as of December 31, 1939, it is excluded from principal amount.

The equities of the holders of both the common and preferred stock were found to have no value, and no provision was made for the stockholders in the final plan. Equipment trust obligations would remain undisturbed.

The New York & New England-Boston Terminal first mortgage bonds, and the Dutchess County first mortgage bonds would be paid off in cash. The New York, Providence & Boston general mortgage bonds, the Naugatuck first mortgage bonds, the Harlem River & Port Chester first mortgage bonds, and the Providence Terminal first mortgage bonds would remain undisturbed, and accrued and unpaid interest paid in cash, except that the accrued and unpaid interest on the Harlem River & Port Chester bonds will be paid in new fixed interest bonds.

Holders of the following outstanding securities would be entitled to receive, in exchange for the principal thereof and accrued interest thereon, new securities in the following ratios:

Outstanding issue	Fixed Interest bonds	Income bonds	Preferred stock
Housatonic R. Co. bonds	100%	..	..
New England R. Co. bonds	85%	15%	..
Danbury & Norwalk R. Co. bonds	20%	40%	40%
Boston & New York Air Line Co. bonds..	..	50%	50%
New Haven & Northampton Co. bonds....	50%	25%	25%
Central New England Ry. Co. bonds	100%	..	..
Bonds secured by 1st & ref. mortgage....	20%	40%	40%
15-year secured gold bonds	45.35%	54.65%	..

Treatment of R. F. C. and R. C. C.

The secured notes held by the Railroad Credit Corporation and the Reconstruction Finance Corporation would be exchangeable for new collateral trust notes for 100 per cent of the remaining balances of the notes. The following banks, holding secured notes, would receive in exchange for the principal thereof and accrued interest thereon new securities in the following ratios:

Bank	Fixed Interest Bonds	Income Bonds	Preferred Stock
Merchants National Bank of Boston*....	20.24%	40.48%	40.48%
State Street Trust Company of Boston....	100%	....	....
Chase National Bank of the City of New York	62.79%	37.21%	....
Irving Trust Company of New York....	77.76%	22.24%	....
First National Bank of Boston..........	70.59%	29.41%	....
National Shawmut Bank of Boston.......	56.14%	43.86%	....

Second National Bank of Boston........	79.05%	20.95%	....
Union Trust Company, Springfield.......	83.22%	16.78%	....
Bank of Manhattan Company†..........	....	....	....
National Rockland Bank, Boston.........	52.13%	24.21%	24.21%
Rhode Island Hospital National Bank of Providence‡	8.31%	16.62%	16.62%

* On the basis of the acquisition of Boston & Providence properties.
† Total claim classed as unsecured.
‡ Remaining 58.46 per cent of claim classed as unsecured.

Unsecured Creditors Get Common

Unsecured obligations and claims, as finally allowed by the court, including the principal debtor's four per cent debentures, due May 1, 1957, and the Providence Securities Company four per cent debentures, due May 1, 1957, and claims arising out of the rejection of leases and guaranties, would be discharged in common stock. Common stock available for distribution to the holders of unsecured obligations and claims would be distributed among them upon the basis of the relationship between the amount of each claim to the total amount of such claims.

Due to the "existing unfavorable earning position of the Old Colony" the plan of that road, under which it would transfer its so-called Western and Cape group of properties to the New Haven, and abandon operations, both freight and passenger services, on its so-called Boston group of properties by January 1, 1941, is not approved by the commission.

Under the provisions of the final plan the Boston & Providence would be reorganized by transferring all of its assets and properties to the New Haven. In consideration therefor, the New Haven, upon consummation of its reorganization, would issue and deliver to the B. & P.'s trustees \$3,039,213 of its first and refunding mortgage four per cent bonds, \$1,467,520 of its income mortgage 4½ per cent bonds, and \$1,467,520 of its five per cent preferred stock.

In addition, the New Haven would assume and pay (1) the B. & P.'s reorganization expenses, (2) current liabilities of the B. & P. incurred in the ordinary conduct of its business prior to the institution of the bankruptcy proceedings which are entitled to priority over debentures of the B. & P., (3) current liabilities and obligations of the trustees of the B. & P., and (4) taxes, with certain qualifications, and would assume and discharge claims which, as of the date of the instant decision, have been allowed by the court.

The holder or holders of the B. & P.'s debentures would be allotted New Haven first and refunding bonds in a principal amount equal to the principal of the debentures, plus accrued interest, after crediting to such interest the cash in the sinking fund for the retirements of the debentures.

B. & P. Stock to be Canceled

Holders of the B. & P.'s capital stock, exclusive of such stock in the sinking fund, which would be canceled, would receive for the par value thereof, 20 per cent in New Haven first and refunding bonds, 40 per cent in New Haven income mortgage bonds, and 40 per cent in New Haven preferred stock.

Claims of the B. & P. or its trustees against the New Haven or its trustees, and claims of the New Haven or its trustees against the B. & P. or its trustees would be mutually waived and canceled.

Chairman Eastman, sitting temporarily as a member of Division 4, wrote a lengthy dissenting-in-part opinion in which he said that he would postpone approval of the New Haven reorganization at this time and "reopen the proceedings for further hearing at a comparatively early date for the purpose of incorporating in the record facts in regard to the prospective earning power and the value to the New Haven system of the Old Colony properties which are not now of record but can, I believe, be made available."

"Prior to its approval of a reorganization plan for the New Haven," urged Mr. Eastman, "the commission has a degree of control over this Old Colony problem which it will cease to have, once a plan is approved which excludes the Old Colony. The New Haven will then be in strategic command of the situation. In my judgment, the equities and the broad public interest both demand imperatively that the commission retain this opportunity of control until the facts have been fully explored. The problem is one which can be worked out with the cooperation of all concerned.

Public Realizes Problem

"The public authorities of Massachusetts and the people in the affected area must, and I believe do now, realize that they cannot continue to be given passenger service which imposes a heavy out-of-pocket loss on the remainder of the system, and that these conditions must be dealt with realistically rather than politically. On the other hand, the New Haven will suffer, more than can be demonstrated mathematically, if the lines serving this populous and highly industrialized area which it has operated for the past 47 years are divorced from its system and allowed to shift for themselves; and in determining the weight to be given the results of the admittedly imperfect segregation study, there are factors to be considered which I believe have not yet been given adequate attention."

The New Haven trustees had rejected the lease of the Old Colony on the ground that its expenses were too large for the system to bear. Mr. Eastman objected to the segregation study, holding that the results of the study did not give a true picture of the earning picture of the Old Colony with respect to the New Haven system.

Miller Urges Consolidation

Commissioner Miller, while concurring in the report, reiterated his belief that stockholders of the road should be given warrants or options to buy new stock so that they would not be entirely eliminated from sharing in any future earnings of the system. Commenting on the economic prospects of the new company, Commissioner Miller stated that "The forces of economic change which has been operating so adversely to the railroads may conceivably reverse themselves in another decade despite the gloomy present prospects of such an occurrence."

"Nor does it follow," he concluded, "that rail earnings may not approach or reach their former levels even though past traffic volumes do not return to the rails. In the field of cost reduction through rail consolidation and coordination lie possibilities of savings of expenses which repeated and independently made studies have estimated at hundreds of millions of dollars. In view of these circumstances, I believe that we ought not to cut off the present shareholders of this or other railroad companies from all possibility of participation in any recovery of earnings resulting either from a regaining of traffic volume or from cost reductions brought about through consolidation and coordination."

He expressed the "firm conviction" that a "great reservoir of savings" would be provided by the consolidation of the railroads into one system or a few large noncompetitive systems, "a process which it is apparent must be compelled by legislation."

NEWS

Railroads Heard at TNEC Probe

Pelley gives his views of Eastman subsidy report—Labor executives testify

Representatives of railroad management and labor were witnesses at this week's sessions of the Temporary National Economic Committee's series of Washington, D. C., hearings on the effect of technological changes on employment and production. The presentation on behalf of management was made by J. J. Pelley, president of the Association of American Railroads, and Dr. Julius H. Parmelee, director of the Bureau of Railway Economics; railroad labor was represented by George M. Harrison, president of the Brotherhood of Railroad Clerks and former chairman of the Railway Labor Executives' Association, and A. F. Whitney, president of the Brotherhood of Railroad Trainmen.

Among other testimony, Mr. Pelley got into the record that statement criticizing the so-called Eastman subsidy report which is published in a "box" along with the review of the report appearing elsewhere in this issue. The Eastman report did not seem to Mr. Pelley to be "of very much value." Previously, the A. A. R. president had read a brief prepared statement wherein he developed a thesis to the effect that "our railroads constitute a progressive, dynamic industry, seeking at all times new means of producing more efficient, more economical, more adequate transportation service."

Coming to the "handicaps" against which the railroad industry has been struggling, Mr. Pelley called for equality of treatment by the government as between the railroads and other agencies of transport. The railroad industry, he asserted, does not fear "fair competition," and it will adopt and adapt itself "to all kinds" of changes growing out of technological progress. Next, Mr. Pelley referred to estimates that the railroads would be justified in spending half a billion dollars or more annually for new and improved equipment, rail, ties, ballast, shop machinery and other capital improvements.

Responding to questions of committee members and counsel, the A. A. R. president estimated that about 1,100,000 workers are now looking to the railroads for employment, indicating that railroad unemployment now totals about 100,000. In the 1937 period "of pretty good business," he went on, the railroads employed a few men—even in train service—who had never railroaded before. Asked how equality of opportunity in the transport field could be brought about, Mr. Pelley reminded the committee of how Congress appropriates money for waterways; and suggested that tolls should be imposed for the use of such facilities. He does not think the present set-up is fair to the railroads or to the taxpayers; and he pointed out that the "greatest use of the rivers" is made by large industries who don't pass on the "savings" in transportation costs. In other words, as Mr. Pelley put it, "the money is spent under the guise of giving cheap transportation to the consumer, but he doesn't get it."

However, the witness thought that Congress has gone a long way to equalize regulation—in passing the Motor Carrier Act and in advancing S. 2009 with its water-carrier regulatory provisions to the conference stage. He hopes the latter will be finally enacted at this session. Meanwhile, Mr. Pelley doesn't think that Congress can do much about the subsidy to highway transport—that's "very much a state problem."

Here Chairman O'Mahoney, Democratic Senator from Wyoming, turned the questioning to such matters as severance pay and pensions; Mr. Pelley told him that the railroad industry was "far ahead of other industries" in those connections. Reference by the chairman to displacement of employees as a result of increasing train lengths brought from Mr. Pelley an expression of his opinion that the long-train matter is probably on the wane in the face of the current emphasis on expedited schedules.

The A. A. R. president's testimony closed with his aforementioned comment on the Eastman subsidy report; and Dr. Parmelee followed with testimony relating to a 48-page booklet, entitled "Railways of the United States, Their Plant, Facilities and Operation" which the Bureau of Railway Economics had prepared. This booklet presented a comprehensive statistical and graphic picture of all phases of railroading. In the course of his presentation, Dr. Parmelee was interrupted with questions concerning the ability of the railroads to handle a continuing increase in traffic. The question was answered by Mr. Pelley who said that the railroads haven't as much obsolescence in equipment as is generally felt; the A. A. R. president added that "we'd like to have an opportunity to run a race with this business and see if we couldn't keep ahead of it."

The next witness was former R. L. E. A. President Harrison, who told the committee that he was appearing on behalf of that organization which represents 20 of

(*Continued on page 725*)

Rate-Making in Spotlight

Eastman explains conflict between "cost" and "share of traffic" theories

Public regulators will have their hands full with the control of competitive conditions, Joseph B. Eastman, chairman of the Interstate Commerce Commission, told the second annual transportation conference held at Lincoln, Neb., on April 15 under the auspices of the University of Nebraska. In his talk on "The Transportation Future," Mr. Eastman expressed the view that intense competition, with rates and charges bearing the brunt of the struggle, is the great and central characteristic of transportation in this country at the present time.

"A dangerous situation exists," he continued, "if the railroads are ever to be restored to the degree of prosperity which the Interstate Commerce Act contemplates and which is necessary if they are to be able to attract investments of private capital, and if the other carriers, who have already had a plentitude of financial troubles, are not to be brought to the same pass. On the other hand, care must be exercised not to deprive the country of the benefit of new transportation facilities which are inherently more economical than older types.

"One proposal which has considerable support is that we should determine, with little attention to comparative costs, the relationship in rates which will enable competing types of carriers each to enjoy what is called a fair share of the traffic, and having determined this relationship, to establish it on a reasonably profitable level. While I do not recall that it has heretofore been suggested, there is in fact historical precedent for this proposal. Prior to federal regulation, and even thereafter until the Commission gained something like adequate power, railroad rate wars of great severity were a not uncommon occurrence. At times, rates were carried by these wars to preposterously low levels, and undoubtedly they were an important factor in what was, even in those days, called the 'railroad problem'.

"Arbiters were sometimes appointed to arrive at a basis of settlement of these wars, and various pooling arrangements or the establishment of fixed differentials, to be maintained whatever the level of the rates, were the result. Some of these settlements still play a part in the railroad rate structure. For example, the Grand

Trunk Railroad precipitated rate wars in order to obtain over its longer route to Detroit and Chicago a share of the freight moving from New England and adjacent points. Ultimately it was allowed to maintain somewhat lower rates than applied over the direct routes, and this settlement still persists in what are known as the 'Canadian differentials'. Similarly the routes from New York and certain other eastern ports by water to Hampton Roads and thence by rail to the Chicago territory were allowed differentials under the direct rail routes, although when the movement by water from New York ends at Hampton Roads, the traffic is farther away from its destination than when it left New York. These are illustrations of settlements designed to give inferior routes, even at the expense of differentials, a share of the traffic in order to remove their threat as rate cutters.

"Obviously, however, while such adjustments have a certain practicality which commended them to desperately tried traffic managers in the days of non-interference by government in business, and also to shippers, there are many difficulties and objections in the way of the widespread application of such a principle. At the other extreme, we are urged to determine the respective costs of transportation, establish a relationship accordingly, and let the chips fall where they may. Plainly far greater attention must be given to the costs of particular transportation services than has been customary in the past. The railroads have always resisted attempts to ascertain such costs, declaring it to be impracticable, but while any precise mathematical determination is impossible, a reasonable approximation is entirely within the range of practicability, and we are proceeding on the theory that it is necessary. In no other way can the relative efficiency of different types of transportation be determined, and in no other way can the spots be located where reductions in rates yield actual loss rather than gain.

"One fact that the cost studies may, and I believe will, develop is that for certain kinds of transportation certain types of carriers are much better fitted than others, because they are more economical and more efficient. While the trucks, for example, have been taking from the railroads much traffic that has been very profitable to the latter, they have also taken away much other traffic of which this cannot be said and which probably has earned no more than a margin over out-of-pocket cost. I have in mind particularly less-than-carload traffic, especially where the hauls are short. Reductions in railroad less-than-carload rates to meet motor truck competition merit the closest kind of scrutiny. On the other hand, for long hauls the railroad is normally the more economical means of transportation, and it would seem that mutually advantageous arrangements could be made for such hauls, under which the truck, or preferably the truck body, would be transported by rail for the greater part of the distance using the motor carrier for terminal service at either end. Certain such arrangements have been tried with a fair degree of success, but much remains to be done to perfect the methods used. That such co-operative plans for the joint handling of traffic will eventually come into much more general use I personally have little doubt."

Rail Labor Subscribes to "Moral Re-Armament" Movement

Pledging themselves to "help labor find its place of moral leadership in American life, and set a pattern of cooperation within its own ranks," members of the Railway Labor Executives Association at a Washington, D. C., meeting on April 15 endorsed the so-called "Moral Re-Armament" movement.

Leading up to the foregoing pledge, the resolution adopted by R. L. E. A. reads as follows: "One of the most baffling questions before this nation today is how to break the vicious circle of bitterness that commonly enters all negotiations between groups having conflicting interests. Our greatest need is for the rise of a new spirit that will replace that bitterness with creative planning for national unity. For that change, Labor has a joint responsibility with all other groups of our citizens, and we are convinced that the time has come to face it squarely on the principles of Moral Re-Armament. . . ."

The morning session of the conference dealt with co-ordination, the field, the agencies and their roles. A round-table discussion was introduced by Chairman L. C. Sorrell, professor of transportation of the University of Chicago, while other speakers included L. C. Allman, vice-president, Fruehauf Trailer Company; Lachlan Macleay, president, Mississippi Valley Association; J. H. Hays, counsel, Western Association of Railway Executives; John A. Kuhn, traffic manager, Omaha Grain Exchange; and D. L. Kelly, Public Service Commission of South Dakota.

Mr. Allman contended that the public comes ahead of any form of transportation. Fundamentally, he said, "the purpose of regulation has always been protection of the public welfare. I believe that each form of transportation should be regulated just enough to protect the public welfare. Beyond that point we believe in just simply good old American competition."

Mr. Macleay spoke for inland waterway shippers, his main argument being low rates. Messrs. Henry and Hays defended the railroads.

At the afternoon session, at which the problems of co-ordination and competition were discussed, the round-table speakers were: Mr. Eastman; C. E. Childe; Robert Henry, assistant to president, Association of American Railroads; John V. Lawrence, general manager, American Trucking Association; and P. H. Porter, counsel, Railroad Commission of Wisconsin.

Mr. Henry reviewed the development of waterways and highways and its effect upon railroads. "The job of the railroads," he said, "is to do the low-cost, mass transportation of the continent. They don't do it perfectly but they do it so well that people come from the other countries of the world to study the American method. Railroads don't select their freight. They take whatever there is to be hauled. They take it in winter as in summer, in bad weather as in good, in war time as in peace time. They take it for all shippers alike, under like conditions and circumstances, under terms which are known to all and alike to all. And they take it at rates so low, on the average, that the revenue received for hauling a ton of freight a mile averages less than one cent. No other form of general transportation service even approaches so low an average level of charges.

"They are able to do this because among transportation vehicles the railroad train on tracks is unique. It is made up of individual cars, separately loaded and separately unloaded at individual track locations, but moved between stations in the mass transportation afforded by trains. Because flanged wheels on rails make the cars of long trains track behind the engine at high speed that sort of thing can be done on railroad tracks—and on no other surface known to man.

"Railroads have a better plant, by far, than they had twenty years ago, and they are making better and more efficient use of it. In those years in which new capacity and new efficiency have been built into the railroad plant, the amount of stocks and bonds outstanding has gone down, in relation to the investment in the property. Not only has total capitalization been reduced, in proportion to investment, but the ratio of debt to investment has gone down likewise.

"The Interstate Commerce Commission has disposed of the old 'watered stock' myth by finding, after 25 years of study, that more than 26 billion dollars have been invested in railroad property, that the present day valuation of that property is about 21 billion dollars, and that the total amount of securities of all sorts outstanding in the hands of the public is less than 19 billion dollars.

"If all public investment, and subsidy, resulted in better transportation produced at lower real cost, there might be some justification for it. But that isn't the case. Transportation agencies which are created by lavish use of public money, and which can operate only by virtue of continued public subsidies, are not cheap transportation. They are merely transportation which is camouflaged to make it look cheap, by transferring much of its real cost from the transportation bill to the tax bill. Tax bills are such these days that even huge sums may get lost in them, but they are there just the same. The cost may be concealed but it continues to exist.

"Treasure Island" Will Run During Summer

The "Treasure Island," extra fare passenger train which the Chicago & North Western-Union Pacific-Southern Pacific operated during the summer months for the first time last year, will again be operated between Chicago and San Francisco for three months beginning June 19. This year the train will be streamlined and will carry six light-weight Pullman sleeping

cars, a diner, a lounge-observation car and a baggage car, all painted a light gray. The schedule will be 49 hr. 55 min. westbound and 47 hr. 55 min. eastbound, with departure from Chicago at 9:30 a. m. on the first, seventh, thirteenth, nineteenth and twenty-fifth of the month, and from San Francisco at 11:40 a. m., on the fourth, tenth, sixteenth, twenty-second and twenty-eighth.

P. & S. Division to Meet June 25-26

The annual meeting of the Purchases & Stores division, Association of American Railroads, will be held at the Pennsylvania hotel, New York, on June 25 and 26.

Consider New Chicago-Florida Train

The railroads comprising the four routes from Chicago to Florida are considering the establishment of high-speed streamlined trains and faster schedules to Florida for the next winter season.

C. & N. W. Moves Board Headquarters to Chicago

The Chicago & North Western has moved the headquarters of its board of directors from New York to Chicago. A majority of the directors reside in the territory of the railroad.

Northland Greyhound Note

The Northland Greyhound Lines, affiliate of the Great Northern, has asked the Interstate Commerce Commission for authority to guarantee $90,000 of notes, the proceeds to be used for the improvement of lunch and rest stops in the carrier's territory.

M. P. Seeks to Buy Portions of P. I. & R. G.

The Missouri Pacific, on April 9, asked the federal district court for permission to buy two portions of the Port Isabel & Rio Grande—the Brownsville, Tex., and Port Isabel ends, for $225,000. The two sections will give the M. P. direct access to Port Isabel and Brownsville's ship basin.

Fifth Annual Sales Meeting to be Held April 29

The fifth annual get-together sales meeting of railroad passenger representatives in Chicago will be held at the Stevens Hotel on April 29, under the auspices of the Central and Western Passenger associations. D. Lee Dolan, chief of the department of transport of the Canadian Travel Bureau, will be the principal speaker.

Assignment of Space in Detroit Market

Examiner Claude A. Rice has recommended in a proposed report an Interstate Commerce Commission finding that produce-marketing facilities constructed at Detroit, Mich., by the Green Real Estate Company, subsidiary of the Pennsylvania, Pere Marquette, and Wabash, and utilized by wholesale produce dealers as a place to exhibit and sell perishable shipments after they arrive at billed destination, have not been shown to be facilities of such character that any carload shipper can demand the use of space therein. Thus the examiner would also find that the failure of the railroads to authorize the complainants—Growers Marketing Company—to display and sell perishables at the market facilities had not been shown to be unlawful. The case is docketed as No. 27826.

Transit Socialist Millennium Soon to Hit N. Y.

Commenting on the purchase by the City of New York of the privately-owned Brooklyn - Manhattan Transit Corporation and the Interborough Rapid Transit Company (municipal operation of which is scheduled within the next few months), an old Wall Street man, familiar with "tractions", wrote the following piece of lyric verse which appeared in the financial columns of the New York Sun:

"Remember how they slammed us?
We were grasping and unfair.
But now, thank God, our Mayor
Has the unions in his hair.

They deplored the overcrowding,
Said our operations stunk;
All pleas for increased carfare
Were termed the merest bunk.

But now they've bought this turkey
(Forgive us if we smile);
They'll probably raise the tariff
To fifteen cents a mile.

Dear Fiorello, the system's thine,
From Van Cortlandt to Corona;
We've laid an egg right in your lap.
We wish you joy as owner."

E. H. Davidson Named Assistant Chief Inspector of Locomotives

Edward H. Davidson has been appointed by President Roosevelt to be assistant chief inspector of locomotive boilers in the Interstate Commerce Commission's Bureau of Locomotive Inspection. Mr. Davidson, whose nomination went to the Senate for confirmation on April 11, has been a district inspector since 1914; he will succeed John B. Brown, who, at his own request, due to ill health, has been transferred to the Pacific coast as district inspector.

Bill Passed to Change Titles of Locomotive Inspectors

Following through on the Senate's favorable action of April 10, the House of Representatives on April 15 passed and sent to the President the bill (S. 3440) which changes the titles of the chief inspector and assistant chief inspectors of locomotive boilers, respectively, to director of locomotive inspection and assistant directors of locomotive inspection. H. R. 8510, an identical bill which had been reported favorably from the House committee on interstate and foreign commerce, was laid on the table.

As noted in the *Railway Age* of March 16, page 524, where the Senate committee's report on the bill was reviewed, the Interstate Commerce Commission favored the change because of the existing confusion and misunderstanding caused by the fact that the heads of all I. C. C. bureaus, save the Bureau of Locomotive Inspection, have the title of director.

Travel on "400" Increases

Passenger travel on the "400," operated by the Chicago & North Western between Chicago and the Twin Cities, showed an increase of 53 per cent for March, 1940, as compared with the same month in 1939 before the present streamlined equipment was placed in service on September 24, 1939. During the five-month period from October 1, 1939, through February, 1940, total revenue increased 51.9 per cent over the corresponding period in 1938-1939, the total being $458,563 and $301,901 for the respective periods.

Bill Would Require Certificates for Pipe-Line Extensions

Pipe lines would be required to obtain certificates of convenience and necessity from the Interstate Commerce Commission for new construction and extensions under an amendment to the Interstate Commerce Act proposed by Senator Johnson, Democrat of Colorado, in S. 3753, introduced in the Senate on April 11. As noted in the *Railway Age* of April 13, page 683, the Railway Labor Executives Association at a recent Chicago meeting voted to seek enactment of a measure with provisions like those of this Johnson bill.

Flexible Fourth-Section Relief on Pulpboard

The Interstate Commerce Commission has granted railroads conditional relief from the fourth section's long-and-short-haul clause to permit the establishment of reduced rates on pulpboard moving over all-rail and rail-and-water routes from South Atlantic and Gulf of Mexico ports to Eastern ports. The relief, granted to permit the railroads to meet the competition of all-water and truck-water routes, is of a flexible variety which authorizes up or down adjustments to keep the rail rates abreast of changes in the competitive rates. The proceeding was docketed as Fourth Section Application No. 17729, while the order granting the relief is Fourth Section Order No. 13776.

Passenger Officers to Hold Interim Meeting

The first interim meeting of the American Association of Passenger Traffic Officers will be held at the Edgewater Beach Hotel, Chicago, on April 30. Heretofore the Association has held only one meeting a year. The interim meeting will be addressed by Edward J. Kelly, mayor of Chicago; C. J. Farran of the Griswold-Eshleman Company, on Publicity and Advertising; Harold Crary, vice-president in charge of traffic of the United Air Lines, on Passenger Relations in the Air Line Industry; and Col. Robert S. Henry, assistant to the president of the Association of American Railroads. Other subjects to be considered include: The Promotion and Effect of Special Excursions, Charge by

Red Cap for Handling Hand Baggage, Market Prospects for Rail-Water Traffic in 1940, and Better Merchandising of Dining Car Service.

Freight Car Loading

Loading of revenue freight for the week ending April 13 totaled 618,810 cars, the Association of American Railroads announced on April 18. This was an increase of 16,113 cars, or 2.7 per cent, above the preceding week, an increase of 71,631 cars, or 13.1 per cent, above the same week in 1939, and an increase of 81,225 cars, or 15.5 per cent, over the corresponding week in 1938.

As reported in last week's issue, loading of revenue freight for the week ended April 6 totaled 602,697 cars, and the summary for that week, as compiled by the Car Service Division, A. A. R., follows:

Revenue Freight Car Loading

For Week Ended Saturday, April 6

Districts	1940	1939	1938
Eastern	132,770	127,966	115,353
Allegheny	122,713	100,675	98,855
Pocahontas	41,257	13,866	34,007
Southern	98,766	90,059	85,920
Northwestern ..	71,245	67,848	62,709
Central Western	92,225	92,195	84,707
Southwestern	43,721	42,343	40,498
Total Western Districts	207,191	202,386	187,914
Total All Roads	602,697	534,952	522,049
Commodities			
Grain and grain products	30,108	30,210	28,777
Live stock	10,069	10,531	11,090
Coal	100,187	45,941	91,129
Coke	7,331	6,024	4,501
Forest products	31,570	26,871	22,485
Ore	10,369	8,657	6,177
Merchandise l.c.l.	149,726	157,748	150,656
Miscellaneous ..	263,337	248,970	207,234
April 6	602,697	534,952	522,049
March 30	628,278	600,691	523,489
March 23	619,886	601,948	572,952
March 16	618,985	591,166	540,365
March 9	620,997	588,426	556,730
Cumulative Total, 14 Weeks ...	8,767,531	8,083,203	7,680,730

In Canada.—Carloadings for the week ended April 6 totaled 49,701, as compared with 43,567 in the previous week and 38,995 a year ago, according to the compilation of the Dominion Bureau of Statistics.

	Total Cars Loaded	Total Cars Rec'd from Connections
Total for Canada:		
April 6, 1940	49,701	26,116
March 30, 1940	43,567	25,056
March 23, 1940	40,989	24,146
April 8, 1939	38,995	21,270
Cumulative Totals for Canada:		
April 6, 1940	654,181	341,043
April 8, 1939	569,021	297,119
April 9, 1938	624,999	306,913

New England Roads Resume Free P. & D.

Certain New England railroads will restore free pick-up and delivery service for l. c. l. shipments at all specified points where p. & d. service is now provided, for a "plus" charge, and at numerous additional points effective April 29. The new free store-door service is covered by Agent W. S. Curlett's tariff 102-E (I. C. C. A-663) which cancels Agent I. N. Doe's I. C. C. tariff No. 343.

In making this change, the New England lines follow the step taken by eight major Eastern railroads in re-instituting free p. & d., effective March 25, as reported in the *Railway Age* of March 9, page 468. Both groups of carriers had discontinued free store-door service in August, 1938, and substituted a schedule of charges for local truck haulage varying from 5 to 10 cents per 100 lb. The new tariff now makes free p. & d. service general throughout the East at all stations where store-door transportation is supplied.

The carriers which are parties to the new tariff are: Aroostook Valley, Bangor & Aroostook, Belfast & Moosehead Lake, Canadian Pacific, Central Vermont, Maine Central, Montpelier & Wells River, St. Johnsburg & Lake Champlain, Springfield Terminal and Suncook Valley. Other New England roads—the Boston & Maine, Boston & Albany and the Rutland—restored free p. & d. on March 25, as noted above. However, certain additional stations on the B. & M., hitherto listed in the Doe tariff, are covered in the new April 29 tariff. The New York, New Haven & Hartford, along with many other Eastern carriers, did not discontinue free store-door service in 1938; hence it is unaffected by the change.

Southern Governors Want Sectional Representation on I. C. C.

The Southern Governors' Conference, meeting in Charleston, S. C., on April 15, indicated to the press that it may plan to ask President Roosevelt to appoint a Southerner to fill the membership on the I. C. C. left vacant by the resignation of Marion M. Caskie of Alabama on April 1. Mentioned at the meeting as possible choice of the Southerners for Interstate Commerce Commission representation were: F. C. Hillyer, commerce attorney, Jacksonville (Fla.) Traffic Bureau; W. R. McDonald, chairman, Georgia Public Service Commission; A. J. Ribe, industrial traffic manager, Birmingham, Ala.; R. E. Webb, chairman, Kentucky Railroad Commission; and Stanley Winborne, commissioner, North Carolina Utilities Commission.

Rules for Motor Transportation of Explosives

Rules and regulations governing the transportation of explosives or other dangerous articles by common and contract motor carriers have been prescribed by the Interstate Commerce Commission in a report and order in Ex Parte No. MC-13. The report, which, with the regulations, covers 132 mimeographed sheets, makes additional findings which are summarized in the headnotes as follows:

Application of rules and regulations prescribed in Ex Parte No. MC-4 Motor Carrier Safety Regulations, I M. C. C. 1, 10 M. C. C. 533, and 14 M. C. C. 669 extended, without exception, to all contract carriers by motor vehicle, subject in any degree to the Motor Carrier Act, 1935, to the extent that such carriers transport explosives or other dangerous articles.

In Ex Parte No. MC-2 *Maximum Hours of Service of Motor Carrier Employees,* 3 M. C. C. 665, 6 M. C. C. 557, and 11 M. C. C. 203 and in Ex Parte No. MC-4 *Motor Carrier Safety Regulations,* 1 M. C. C. 1, 10 M. C. C. 533, and 14 M. C. C. 669, orders prescribing certain regulations under authority of Motor Carrier Act, 1935, vacated insofar as they make such regulations applicable to common carriers engaged in the transportation of explosives or other dangerous articles in motor vehicles and said regulations readopted and again prescribed, under authority of the Transportation of Explosives Act, as to all such carriers so engaged.

In No. 3666, *Regulations for Transportation of Explosives,* order of November 6, 1934, and the amending orders of March 12, 1936, Aug. 27, 1936, October 19, 1936, and December 14, 1936, vacated insofar as they prescribe pursuant to the Transportation of Explosives Act, regulations governing the transportation of explosives or other dangerous articles on public highways by motor truck, or other vehicle.

March Operating Revenues 3.5 Per Cent Above March, 1939

Preliminary reports from 88 Class I railroads, representing 81.2 per cent of total operating revenues, made public today by the Association of American Railroads, show that those roads, in March, had estimated operating revenues amounting to $264,577,347 compared with $255,750,057 in the same month of 1939, and $363,708,144 in the same month of 1930. The March gross was 3.5 per cent above that of March, 1939, but 27.3 per cent below March, 1930.

Freight revenues of the 88 Class I roads in March, amounted to $215,963,075 compared with $208,972,504 in March, 1939, and $280,595,092 in March, 1930—3.3 per cent above the former, but 23 per cent below the same month in 1930. Passenger revenues totaled $26,517,204 compared with $25,006,680 in March, 1939, and $49,673,475 in March, 1930—six per cent above the former, but 46.6 per cent below the same month in 1930.

Railroad Retirement Board Personnel Shifts

Changes in personnel both in Washington, D. C., and in the field were announced by the Railroad Retirement Board on April 17. Edward J. McCormack, who has been chief liaison officer of the Board, has been appointed assistant director of employment and claims, heading the division of clearance and co-ordination, and William A. Rooksbery, who was regional director in Chicago, has been assigned to the position of chief liaison officer of the bureau of employment and claims.

Carlton Hayward, former regional director in Cleveland, Ohio, is now regional director in Chicago, and Patrick F. Murphy, director of field service in the Chicago region, has been named regional director in Cleveland. Earl O. Byrd, manager of the Detroit, Mich., district office, has been appointed director of the Richmond, Va., region. Gerald E. Woodcock, district manager of Peoria, Ill., has been named as head of the Chicago district office.

Pepper Wants Florida Canal for National Defense

Citing "the events in Europe during the past 48 hours," Senator Pepper, Democrat of Florida, undertook in a Senate speech on April 10 to build up a war-scare argument in favor of constructing the Florida

Ship Canal. It has been a "source of continuing regret" to Mr. Pepper "that so far the Senate has not seen fit to concur in the authorization of this project."

"A careful and exhaustive analysis," he went on, "shows that the Florida Canal would save more than twice its cost in the first six months of any great war in which we might unhappily become engaged. It is my opinion that its value to commerce in time of peace fully justifies its construction, and I submit that too long a delay in getting it under way would be a grave and most imprudent omission in our plans for national defense. When we consider that this project can be made self-liquidating, and should thus represent little or no net expense to the federal government, I feel that the magnitude of its importance warrants approval by Congress."

January Bus Revenues 2.4 Per Cent Above 1939

Class I motor carriers of passengers reported January revenues of $8,070,429, as compared with $7,879,943 in January, 1939, an increase of 2.4 per cent, according to the latest compilation prepared by the Interstate Commerce Commission's Bureau of Statistics from 147 monthly reports representing 148 bus operators. (The railroads increased their non-commutation passenger revenues almost 5 per cent in January, over January a year ago). Passengers carried increased 12.7 per cent, from 10,581,942 to 11,924,533.

The breakdown by regions of the bus revenue and traffic figures, which exclude data on charter or special party service, is given in the accompanying table.

	Passenger Revenue		Passengers Carried	
	January, 1940	January, 1939	January, 1940	January, 1939
New England Region	$433,451	$425,685	1,289,252	1,236,326
Middle Atlantic Region	1,245,079	1,159,172	2,842,235	2,475,300
Central Region	1,478,942	1,370,473	2,394,922	1,793,848
Southern Region	1,924,940	1,943,905	2,249,052	2,070,805
Northwestern Region	315,633	312,266	292,964	296,954
Mid-Western Region	612,755	607,697	506,700	500,078
Southwestern Region	984,741	1,026,978	1,064,784	1,039,449
Rocky Mountain Region	86,192	82,109	76,994	74,389
Pacific Region	988,696	951,658	1,207,630	1,094,793

Club Meetings

The Toronto (Ont.) Railway Club will hold its next regular meeting on April 22, at the Royal York hotel, Toronto. Lieutenant-Colonel C. C. Stibbard, director of operation, Board of Transport Commissioners for Canada, will present an address entitled, "The Board of Transport Commissioners for Canada and the Nature of Its Work."

The Indianapolis (Ind.) Car Inspection Association will hold its next meeting on May 6, at the Indianapolis Union Station. E. H. Janke, auditor, Peoria & Eastern, is the principal speaker.

The Northwest Car Men's Association will hold its next meeting on May 6, at the Midway Club rooms, St. Paul, Minn. W. E. Gleb, coach shop foreman, Northern Pacific, will present a paper entitled "Air Conditioning of Passenger Cars."

The fifty-ninth annual convention of the American Transit Association will be held at the Greenbrier hotel, White Sulphur Springs, W. Va., from September 23 to 26 inclusive. It is announced that no manufacturers' exhibition is to be held in connection with the convention this year.

President Would Transfer C. A. A. to Commerce Department

Transfer of the Civil Aeronautics Authority to the Department of Commerce was among the shifts of federal agencies proposed by President Roosevelt in his Reorganization Plan No. IV which went to Congress on April 11. The message accompanying the plan spoke of "further reorganization needs," and "strongly" recommended that the authorizing act which expires January 20, 1941, be reenacted without exemptions.

In the latter connection the present act exempted some 21 agencies, including the Interstate Commerce Commission, the Railroad Retirement Board and the National Mediation Board. Meanwhile a fight on Plan No. IV was indicated when Senator McCarran, Democrat of Nevada, introduced a resolution calling for its disapproval. Under the law the plans become effective unless they are disapproved by Congress within 60 days. Senator McCarran's principal objection is to the shift of C. A. A. to Commerce. Commenting on that change at his April 12 press conference, President Roosevelt said that it would leave the existing machinery intact while at the same time carrying out a principal objective of the reorganization program, i. e., reducing the number of people the President has to talk to. Likewise, the President added that the present C. A. A. organization would remain intact, except that a few top salaries would be eliminated.

Crosser Introduces "Make-Work" Bill for Pullman Conductors

Representative Crosser, Democrat of Ohio, has introduced H. R. 9406 which would amend the Interstate Commerce Act so as to require the Pullman Company to assign a Pullman conductor to every train carrying revenue passengers in a Pullman car between 6 p. m. and 8 a. m. In other words, as Mr. Crosser explained in an "extension of remarks" in the April 16 issue of the Congressional Record, the bill is designed to prohibit the practice "of substituting porter-in-charge service for both conductor and porter service on sleeping cars."

Representative Crosser's remarks, covering nearly two pages of the Record, included a statement prepared by President Warfield of the Order of Sleeping Car Conductors; and ended with the following summary of the "need for legislation": "The representatives of the sleeping-car conductors have sought to correct the evil here complained of, by negotiation and agreement, but without success. Resort has been had to the National Railroad Adjustment Board, but its rulings have been disregarded. Various state railroad commissions, on their own initiative, have made orders designed to correct the evil within the limits of their jurisdiction. These orders have been resisted. The matter is now presented to the Congress. . ."

Flat Charge for Red Cap Service at Washington, D. C., Union Station

Falling in line with the policy being inaugurated at other passenger stations throughout the country, the Washington Terminal Company on April 15 established a flat charge of 10 cents for each bag or parcel carried by red caps at the Union Station, Washington, D. C.

The plan, the Terminal Company's announcement said, is designed to place the porter service "upon the same basis, with reference to uniform price, as now prevails in the parcel room and locker service." "By thus substituting a fixed payment plan for the custom of tipping, with its accompanying irregularities in the amounts paid," the announcement adds, "the Washington Terminal Company will be able to place its red caps on a uniform wage basis. In addition, the new plan will eliminate controversies and legal complications which have arisen under recent federal legislation regarding the status of red caps as employees and the status of tips as compensation for their work."

Negotiations on Unemployment Insurance Tax

Railway management and labor committees conducting the current negotiations arising out of management's move for a reduction in the annual payroll tax of approximately $60,000,000 levied under the Railroad Unemployment Insurance Act were scheduled to meet in Washington, D. C., during the latter part of this week. As noted in the *Railway Age* of April 6, page 645, the management move for a reduction is based on the size of the fund and estimates that the tax collections for the fiscal year ended next June 30 will amount to about $40,000,000 more than the year's benefit payments.

It is understood that management's original suggestion that the tax might be reduced from three per cent to two per cent was countered by labor suggestions for an increase in benefits. In addition to the latter the committees are now understood to have under consideration a proposal whereby the tax would become a sliding-scale levy, moving downward and upward under the three per cent ceiling—the rate changes to be determined by the balance in the fund.

I. C. C. Decision on Reconsidered McDonald Case

Motor vehicle operations conducted in disregard of a state law requiring operating authority, without which the carrier has no right upon the highways of the state, could not be bona fide operations within the meaning of the Motor Carrier

Act, according to the Interstate Commerce Commission's report on reconsideration of the "grandfather" application of A. E. McDonald Motor Freight Lines. This is the Texas case (No. MC-80415) which went to the Supreme Court on issues between the applicant and the Railroad Commission of Texas.

The decision of the commission turned on the nature of the statute violated, the report expressing the opinion that "violations of collateral statutes, such as those dealing with taxes, traffic regulations, etc., would not necessarily destroy the bona fides of an operation which had been authorized as such." Commissioners Lee and Alldredge, dissenting in part, agreed with the denial of the "grandfather" application but would have granted the applicant's motion to have its public-convenience-and-necessity application passed upon at the same time. Commissioner Splawn, dissenting, would also have passed upon both applications at the same time.

Radio Audience to Hear Dedication of Railroad War Memorial

Ceremonies in connection with the April 26 dedication by the Association of American Railroads of a bronze tablet in Washington, D. C.'s Union Station to commemorate "the railroads' patriotic services and achievements in 1917 under the direction of the Railroad War Board," will be broadcast over a national radio hookup.

As noted in the *Railway Age* of March 23, page 567, where a picture of the tablet was reproduced, the ceremony will take place in the station's dining room at a luncheon attended by government officials, army and navy officers, industrial and agricultural leaders and railroad executives. J. J. Pelley, president of the A. A. R., will act as toastmaster. Addresses will be made by Assistant Secretary of War Louis Johnson and Daniel Willard, president of the Baltimore & Ohio and an ex-officio member of the Railroad War Board. Hale Holden, of New York City, formerly chairman of the Executive Committee, Southern Pacific Company, and the only other surviving member of the Board, will also speak. Miss Barbara Baird, of Marshall, Va., eldest granddaughter of the late Fairfax Harrison, chairman of the Board, is expected to unveil the tablet.

Transport Round-Table at U. S. Chamber of Commerce Meeting

"What's Ahead in Transportation?" is the billing which a round-table conference scheduled to be held on May 1 gets in the preliminary program for the twenty-eighth annual meeting of the Chamber of Commerce of the United States to be held in Washington, D. C., April 29 to May 2, inclusive. Discussions at this transportation round-table conference, over which Arthur M. Hill, president of the Atlantic Greyhound Corporation will preside, will include a talk on "The Pending Transportation Bill" by Chairman Lea of the House committee on interstate and foreign commerce, and another on "The War and Our Merchant Marine" by William K. Jackson, vice-president and general counsel of the United Fruit Company.

Also, Mr. Hill, who is chairman of the Chamber's Transportation and Communications Department Committee, will present for discussion that committee's reports on American shipping needs, airports, highway policies, itinerant merchant trucking, and government barge-line accounting. These reports, which will come up for action at the general session on May 2, were reviewed briefly in the *Railway Age* of April 6, page 646, and in the issue of April 13, page 676.

Congressional Action Completed on Independent Offices Bill

Congressional action on the Independent Offices Bill which carries an appropriation of $9,058,750 for the Interstate Commerce Commission for the fiscal year ending June 30, 1941 was completed this week, and the measure has gone to the President for his approval. Also included in the bill is an item of $710,000 for the National Resources Planning Board. Included in the plans of that Board is a contemplated project for a transportation study under the direction of Owen D. Young, as noted in the *Railway Age* of April 13, page 681.

The House appropriations committee refused to report an appropriation for the Planning Board on the ground that it was not authorized by law, but the Senate added an item for it. In agreeing to the Senate amendments, the House accepted a $710,000 allocation for its activities after Representative Woodrum, Democrat of Virginia, had read a personal letter from the President asking that the board be retained.

Some opposition to the Board's activities running to approval or disapproval of Board of Army Engineers reports on waterway projects has been voiced in Congressional circles. Seemingly, some Congressmen are fearful that the Board will report adversely on certain pet waterway projects in their own localities.

P. R. R. Tries New Baggage Service for Florida Streamliners

In order to relieve undesirable congestion brought about by an excess of hand baggage carried into cars by passengers on the all-coach Florida streamliners "Silver Meteor" and "Champion" of the Seaboard Air Line and Atlantic Coast Line, respectively, the Pennsylvania (which handles the movement of these trains between New York and Washington, D. C.) has devised a new baggage checking service to encourage passengers to check surplus baggage for carriage at the head-end. At North Philadelphia and Thirtieth Street stations, Philadelphia, Pa., the road has arranged that baggage checked southbound by "Silver Meteor" and "Champion" passengers at the baggage counter up to 20 minutes prior to scheduled departure be carried by a special truck from the baggage room to the baggage car so that it will definitely accompany the passengers on the train and be available upon arrival. At Pennsylvania station, New York, the Pennsylvania has placed two uniformed baggage men to direct passengers to a special checking table on the train platform where hand luggage may be checked just before boarding the train and loaded into the baggage car immediately prior to departure.

Ticket agents have been instructed to call this new service to the attention of all "Silver Meteor" and "Champion" passengers. At the same time all representatives will continue to encourage passengers to check baggage well in advance according to the time-honored "at least 30 minutes prior to departure" rule of public time-tables.

Maritime Commission Issues Intercoastal Rate Report

The United States Maritime Commission on April 9, released its decision in Docket No. 514, Intercoastal Rate Structure and Related Cases, a general investigation covering the entire intercoastal rate situation. Going against the recommendation of Examiner Robert M. Murniss who had recommended that the commission not issue any minimum rate order, the majority held that minimum intercoastal rates should not be lower than the rates in effect on the so-called "B" lines, but refused to order an absolute minimum rate for all intercoastal shipping lines.

Commissioner Truitt concurred in the report, while Commissioner Moran dissented in part. Mr. Truitt upheld the commission's authority to establish minimum rates without considering each individual commodity. Pointing to the similarity of minimum rate powers possessed by the Maritime Commission and the Interstate Commerce Commission, he referred to the latter's action in prescribing general levels of rates without consideration of individual rates. He went on to hold that the record, containing a mass of economic and financial data, was sufficient to support the minimum rate order.

Commissioner Moran argued that the removal of tonnage from the trade had rendered the minimum rate question academic. He refused to approve the order, contending that the law requires that minimum rates must be based upon a finding of unreasonableness, and that since the commission had ruled out evidence bearing upon individual rates, the record was inadequate for such a finding. He went on to state that respondents had always found that differentials were necessary to bring about a fair distribution of the traffic and that a one-rate level would tend to force the slower vessels out of the trade. He then pointed to the majority's admission that the "B" level prescribed was in a state of "disorder and confusion" and stated that raising rates to that level would not assist materially from a revenue standpoint.

British Ministry Ups Rail Rates 10 P. C.

The British railroads will be authorized to raise passenger fares and freight rates 10 per cent, effective May 1, according to press dispatches of an announcement in the House of Commons by Euan Wallace, Minister of Transport, on April 17. It is estimated that the increases will add about £18,000,000 (approx. $90,000,000) to gross revenues for a 12-months' period. Authorization has been granted in view of increased operating expenses which the four main-line companies anticipate from rising wages and prices. The government guarantees the roads net revenues of about

£40,000,000 per annum under a war-time pooling scheme which was promulgated in February and applied retroactively to September 1, 1939, when the government assumed control of railroad operations.

Conserve Nation's Largest Resource —the Railroads!

A plea for the conservation of the nation's largest resource, the railroads, was made by C. E. Johnston, chairman of the Western Association of Railway Executives, in a symposium on the resources of the mid-continent area conducted at the spring meeting of the American Society of Civil Engineers at Kansas City, Mo., on April 17. Resources, he said, are environments in the service of man, and, viewed collectively, refer to the entire foundation of national prosperity and security. The railroads, because of the part they have played in developing the country to give value to idle resources, and because of the economic value of their purchases and taxes to the nation's welfare, are the most important of all resources.

In support of his plea that this important resource be conserved, he showed how the railroads have done more than any other agency to develop the nation's wealth, and emphasized their importance by calling attention to various parts of the world where resources equal to, if not greater than, the vast wealth of the thirteen states of the middle west lie inaccessible to humanity because of the lack of adequate transportation. As an example of the importance of railroads in the development of the country, he showed that in the first 300 years since the discovery of the country, the population of the mid-continent area had only grown to 543,000 people in 1830, but, with the railroads playing their part in the succeeding 90 years, the population jumped to approximately 37 millions. The railways, he said, furnished the way to get the products of mine, field and forest over the hundreds and thousands of miles to markets, and to give value to the wealth of this area. As further evidence of value of railroads as a resource he cited the $74,000,000 collected from the railroads in these 13 states for the support of the general functions of government and the $276,000,000 of materials purchased by the railroads in these states and their $575,000,000 payroll for 315,000 employees, all of which total $925,000,000.

Mr. Johnston also discussed land grants, defining them as a partnership between the railways and the government to preserve the union and to populate the West. "As regards aid to railroads in the form of land grants," he continued, "a study recently made by the Interstate Commerce Commission apparently ignores the fact that, during the period and in the area in which land grants were made, sales of public land were made at an over-all average price of 94 cents per acre. The railroads could have bought the land then for that average price. If, after the railroads were constructed and had developed the territory, they were able to sell the land at higher prices, they were merely realizing on higher values which they had created, not only for themselves but for the nation as a whole.

"The purported finding that highway users as a class have paid their way, seems based upon the fact that the study apparently assumes that only 40 per cent of highway costs should be charged to highway users, and that 60 per cent of such costs should be charged to the taxpayers. That seems a broad assumption, indeed, and one which I think cannot be supported. These findings are completely denied by every official state highway cost study which has been made, wherein more equitable distributions of total highway cost have been made, as between highway users and the taxpayers.

"One point in the study interests me greatly—the recommendation that a three-man board be appointed for research and investigation of the whole question of inequities of public contributions to various transportation agencies. I am particularly interested in calling this recommendation to your attention. For, in my opinion, no more worth-while task could be undertaken by the American Society of Civil Engineers than a detailed investigation, through a special committee, of this entire, situation. I recommend this activity for your most serious consideration."

Port-Traffic Situation Still Well in Hand

"Despite the fact that export freight handled in March, through Atlantic and Gulf ports was considerably greater than one year ago, the movement by rail to those ports is being handled without congestion or delay," the Association of American Railroads announced on April 15. This, the statement adds, "has been largely due to the cooperation of steamship owners, port authorities, shippers, and exporters in the prompt handling of shipments for export."

At Portland, Me., 559 cars of grain for export were unloaded in March, compared with none in March, 1939; at Boston, Mass., 535 compared with 81; at New York, 1,014 compared with 746; at Philadelphia, Pa., 1,503 compared with 236; at Baltimore, Md., 1,419 compared with 216; and at Hampton Roads, Va., 14 compared with 67. There was a heavy reduction in grain moved through Gulf ports in March compared with a year ago. Only 414 cars having been unloaded at the ports this year, contrasted with 2,010 cars one year ago.

At the port of New York, the number of cars of other export traffic unloaded for lighterage in March averaged 832 daily, or a decrease of 15 cars compared with the preceding month. Tons of eastbound freight, of which 87½ per cent was for export, lightered in March, totaled 566,741 tons, compared with 550,611 tons in February and 328,261 tons in March, 1939. This was an increase of 2.9 per cent above February, and an increase of 72.6 per cent above March last year. Only approximately one-third of the railroads' storage space at the port of New York is now being utilized. There also is ample storage space available at other principal Atlantic and Gulf ports.

At Philadelphia, 1,900 cars of freight for export, other than grain, were unloaded in March, compared with 1,623 cars in March, 1939, or an increase of 17 per cent. The number of cars of coastwise and intercoastal freight unloaded in March this year was approximately five per cent above one year ago. Cars of export freight, other than grain, unloaded at Baltimore in March, totaled 4,570 cars, compared with 2,034 cars in March last year, or an increase of 125 per cent. The number of cars of coastwise and intercoastal freight unloaded in that port showed a decrease of four per cent compared with March last year. At Boston, 860 cars of export freight, other than grain, were unloaded in March this year, compared with 511 cars in the same month last year, or an increase of 68 per cent. There was an increase of 61 per cent in the number of cars of coastwise and intercoastal traffic unloaded at the port, compared with one year ago.

There was a decrease in the volume of grain moving through New Orleans, La., although the control of the movement has been continued at the request of railroads, shippers and receivers. The movement of cotton in March, while in heavier volume than in the same month last year was considerably less than in January and February. Export freight, other than grain, unloaded at New Orleans in March this year totaled 4,173 cars, compared with 2,853 cars last year, or an increase of 46 per cent. Coastwise and intercoastal unloadings totaled 1,954 cars in March this year, compared with 1,150 last year or an increase of 70 per cent.

Increases in cars of export freight, other than grain, unloaded at other ports were as follows: Portland, Me., 115 cars unloaded compared with 62 last year, or an increase of 85 per cent; Providence, R. I., 56 cars, compared with 24, or an increase of 133 per cent; Hampton Roads, 2,193 cars, compared with 2,010, or an increase of 9 per cent; Savannah, Ga., 1,013 cars, compared with 617, or an increase of 64 per cent; Mobile, Ala., 1,539 cars, compared with 1,152, or an increase of 34 per cent; Lake Charles, La., 334 cars, compared with 302, or an increase of 11 per cent; Beaumont, Tex., 227 cars, compared with 177, or an increase of 28 per cent; at Galveston, Tex., 2,295 cars, compared with 1,975, or an increase of 16 per cent; at Port Arthur, Tex., 138 cars, compared with 59, or an increase of 134 per cent.

Eastern Roads Cut Fares for N. Y. Fair

Special fare reductions for travel to and from the New York World's Fair dropping as low as .75 cents per mile have been announced by the member roads of the Trunk Line Association, to be effective May 11, the opening day of the exposition. The new rates cut far below those established for the fair last year, principally because the base coach rate of the Eastern lines became 2 cents per mile March 25, as compared with 2.5 cents during the 1939 Fair.

The extent of reduction under the normal rates offered in the special fare bargains depends upon distance, return-time limit and party-quantity factors. Most generally applicable of the group will be

round-trip coach fares good for a single week-end on a general mileage basis of 1.5 cents per mile for distances of 50 to 150 miles from New York, diminishing thereafter according to distance traveled to a basis of 1 cent for distances of over 600 miles. This compares with a regular round-trip coach rate of 2 cents per mile, declining in distance belts to a minimum of 1.5 cents for one-way journey of 523 miles and over. Fair tickets for one-day round-trips start on a 1.25-cent basis, diminishing to 1 cent per mile for distances of over 250 miles.

Special provisions have also been made for party groups of 25, 300 and 500. Round-trip coach fares for parties of 25 or more adults range from 1.5 cents for distances under 557 miles from New York to 1.35 cents over 557 miles, with a return limit of 15 days. Round-trip coach fares for parties of 300 are based on a general 1 cent-per-mile rate in each direction and for parties of 500 or more on a general basis of .85 cents. Still further reductions are available for school children. A party of 25, under the age of 18, for example, may make a one-day visit to and from the Fair from any point in Trunk Line territory for as little as .75 cents per mile.

"Destination-Basis" Rates Akin to Protective Tariffs, Says Eastman

Calling rate making on the "destination basis" a "horse of the same color" as bounties on exports and protective tariffs on imports, Chairman Eastman of the Interstate Commerce Commission discussed the interterritorial freight-rate problem at some length in his dissent to the recent six-to-five decision wherein the commission modified a previous order of Division 4 with a finding that North-to-South carload rates on paperboard, pulpboard, paperboard boxes, pulpboard boxes and other paper articles should be on the same basis as those prevailing intraterritorially within the South.

The title case was I. & S. Docket No. 4413, Paper Official-Illinois Territories to South, and the report embraced also Dockets No. 28082 and 28139. Division 4 had found that the interterritorial rates should be the same in both directions; and that a Northbound scale was reasonable which reflected 110 per cent of the Official-territory intraterritorial basis. This Northbound basis, the present majority report points out, owed its existence "entirely to the fact that the Northern carriers refused to participate in rates made on the exact Official-territory basis which was advocated by Southern carriers." But while thus fixing the Northbound interterritorial rates on a basis 10 per cent higher than rates applicable on the same commodities moving within Official territory, and calling for the same interterritorial basis Southbound, Division 4 seemingly promulgated a rule that didn't work both ways. Because intraterritorial rates within Southern territory are more than 10 per cent higher than those in Official territory a Southbound interterritorial basis reflecting 110 per cent of the Official basis would be lower mile-for-mile than the rates within the South. In short it was contended that the set-up put the Southern producer at a double disadvantage—his Northern competitor would enjoy lower mile-for-mile rates to markets in both Official and Southern territories.

By putting the Southbound rates on the "destination basis" the commission now removes one of those claimed disadvantages; but Commissioner Alldredge asserts in a concurring expression that "in shipping into the markets of Official territory the Southern producer will still pay a 10 per cent higher rate, mile-for-mile, than his Northern competitor will pay for shipping the same products to the same destinations." Meanwhile, the majority report evidently represented the views of Commissioners Aitchison, Splawn, Lee, Caskie (resigned April 1) and Rogers. Commissioners Mahaffie and Miller joined in Chairman Eastman's dissenting expression, while the dissents of Commissioners Porter and Patterson are noted.

After looking over the reasoning of the majority report, Chairman Eastman suggests that "this 'practical and realistic' theory of rate-making, often known as the 'destination basis', has gained considerable vogue of late, particularly in the South." He thought it merited analysis in order that its "real nature" might be made plain; and he cautioned that it should not be confused "with the proposition, also strongly supported in the South, that interterritorial rates from the South to the North should be on the same level as corresponding rates within the latter territory, on the ground that railroad conditions and costs are as favorable in the South as in the North." The latter, Mr. Eastman goes on, "is not established by the record here, but if it could be established, parity of rates would be justified by strictly transportation conditions and without resort to the 'destination basis'."

The chairman finds it difficult to determine "from the generalities of the report" what is the purported justification for the basis prescribed. He thinks, however, it lies in a conclusion that "if the Southbound rates were based on transportation conditions, the Southern producers would be at a disadvantage in competition with the Northern producers, and that it is our duty to adjust rates, in disregard of transportation conditions, to prevent such a disadvantage and 'place all shippers and receivers on as nearly an equal basis, from a practical and realistic point of view, as existing conditions will permit'."

"The situation, as thus portrayed," Mr. Eastman goes on, "is precisely analogous to that of a country the producers of which find themselves in competition with producers of another country who have lower production or distribution costs. To equalize competitive conditions, they call for a bounty on exports and for a protective tariff on imports. They want the bounty to promote the freedom of movement of their own products, and they want the protective tariff to impede the freedom of movement of their competitors' products. Rate making on the 'destination basis' is a horse of the same color. When measured by transportation conditions, it undertakes to give a bounty in freight rates on movements in one direction and to establish a protective tariff in freight rates on movements in the other direction.

". . . As the Supreme Court has said in its famous sentence in *Interstate Commerce Commission* v. *Diffenbaugh*, 222 U. S. 42, 'The law does not attempt to equalize fortune, opportunities or abilities.' If there is anything in the act which makes it our duty or even our privilege to equalize competitive disadvantages by a system of bounties and protective tariffs in freight rates, it has escaped my attention.

"It is said that competition is a factor which we have always recognized can play a part in rate-making, and this is true. Within reasonable limits we allow carriers to meet in their rates the competition, both direct and indirect, of other carriers. But how does that principle apply here? This is a case, not of permitting rates to be reduced to meet lower rates established by competing carriers, but instead of raising rates above the level which transportation conditions justify in order to impede the flow of traffic for the protection, not of the railroads, but of producers . . ."

Draws Line Between Rail and Stock Yard Service on Livestock

Transportation of so-called direct shipments of livestock delivered at the Union Stock Yards, Chicago, is completed when the livestock is placed in the unloading pens at the yards, and the yardage charges assessed by the Union Stock Yards on direct shipments for services performed and facilities used beyond the gates leading from the pens into which the livestock is unloaded are not subject to the jurisdiction of the Interstate Commerce Commission. The commission has thus held in its decision in No. 27862, Swift & Company, et al. v. Alton Railroad Company et al. which also finds that the railroads' failure to afford egress for direct shipments of livestock transported to the Union Stock Yards does not result in an unreasonable practice.

"Direct" shipments of livestock are those on which the receivers elect to take delivery at the Stock Yards but which are not offered for sale through the Yard's public market facilities. Issues similar to those in the present proceeding are raised in the commission's pending investigation (No. 28400) to determine when the common-carrier duty of railroads under the line-haul rates ends on "direct" shipments delivered at facilities of the Cleveland (Ohio) Union Stock Yards Company.

Looking over the record the majority report by Commissioner Splawn found evidence to show that since the establishment of the stock yards "more than 70 years ago" the Yard Company has collected a yardage charge on every animal unloaded; and that this custom "was accepted as a reasonable practice by the interested parties until 1933." Also, it found that during a substantial portion of the period referred to, the complainant and other packers "not only paid the yardage charge without protest, but demanded and received participation" in the Yard Company's profits.

Previously the commission had noted that a complaint containing substantially similar issues was considered by the Su-

preme Court in *A., T., & S. F. Ry. Co.* v. *United States,* 295 U. S. 193, in which the commission's order in *Hygrade Food Products Corp.* v. *Atchison, T. & S. F. Ry. Co.,* 195 I. C. C. 553, was set aside. "In the *Hygrade case,*" the commission says in leading up to its findings, "the Supreme Court stated that, with respect to shipments of which the complainant took possession at the unloading pens the transportation ended at the unloading pens. There is no difference in principle between the issue in the *Hygrade case* and the issue in this proceeding. The yardage charge is collected on complainant's shipments when it takes possession of the animals at the unloading pens, and in the *Hygrade case* it was collected on that portion of the shipments of which possession was taken at the unloading pens. With respect to such shipments, the Supreme Court stated that the obligation of the line-haul carriers ceased when the animals were placed in the unloading pens."

Commissioner Alldredge, dissenting, found citations to support his contention that the commission should have found that the transportation does not end with delivery of the stock into unloading pens, and that it is the duty of the railroads under the law to afford through their agent, the Stock Yards, access to the property of the latter for removal of livestock therefrom, within a reasonable time after it has been placed in unloading pens, and without the payment of any special toll or charge, and that the transportation does not end until such obligations have been fulfilled.

Chairman Eastman and Commissioner Aitchison did not participate in the disposition of the case.

Railroads Heard at TNEC Probe

(*Continued from page 717*)

the 21 railroad brotherhoods. After describing in detail the various technological improvements in the railroad industry over the past 20 years, Mr. Harrison asserted that the industry was short some 626,400 jobs in the period from 1921 to 1939 because of the extensive use of labor-saving devices. Questioned further on this subject, Mr. Harrison said that he believed other forms of competition in the transportation industry were responsible for the loss of about 180,000 railroad jobs during the same period.

In Mr. Harrison's view the federal government's aid to other forms of transportation during the past 20 years has hurt railroad labor very much. In this respect he mentioned the parcel post and the federal barge lines. The railroad labor witness did not think there had been much, if any, improvement in the unemployment picture since the present administration came into power in 1933, and he went on to tell the committee that "we have got to solve the problem of unemployment or it will wreck us."

Specifically, Mr. Harrison believes that too large a share of the economic wealth of the country, which, in his opinion, is nothing more than the product of someone's labor, is being diverted to capital and not enough to labor. He then pointed to the 48 and 56-hour week in the industry and asked the committee to seriously consider reducing this to a six-hour day, a feature which he said he had been advocating before Congress for quite some time.

At this point, Senator King, Democrat of Utah, who was presiding, asked the witness whether he thought the federal government should subsidize the railroads as it now does the trucking industry.

"No," answered the labor witness. "If the railroads can't stand on their own feet, then let the government take them over and operate them."

"Would it be improper for the government to collect money for the use of the highways and waterways?", queried Senator King.

"No. I think they should be taxed for the use of government-owned facilities," replied Mr. Harrison.

In reply to a question from a committee member as to what he thought of the fight the railroads have made to regain the traffic lost to the trucks, Mr. Harrison said that he did not think the industry had been sufficiently alert to meet truck competition and that it had not met it. He went on to ascribe this alleged lack of initiative to the fact that in his opinion too many of the railroad managers were men who had been in the industry for over 20 years and were brought up on the idea that large cars and heavy locomotives were the answer to the problem of competition.

Railroad labor, he said, had differed with management on this subject, taking the position that what the industry needed was smaller and lighter cars and more frequent schedules so that the speed factor of truck competition could be coped with. Indicative perhaps of the degree of confidence that his own labor organization has in the future of the railroads, Mr. Harrison told the committee that "not one dime" of his organization's funds "is invested in railroad securities."

Mr. Harrison closed his presentation by saying that what railroad labor wanted to see was a return to a traffic level that would sustain at least 1,600,000 jobs. Asked whether he believed such a level would again be attained, he thought it would if the government ceases its policy of giving subsidies to the railroads' competitors.

B. of R. T. President Whitney's testimony which was originally scheduled for April 17, was temporarily postponed.

STATION MODERNIZATION. — A 12-page illustrated brochure devoted to the subject of station modernization has been published by the Johns-Manville Sales Corporation, New York. The object of this booklet is to show how various building materials produced by this company, such as roofing, siding and wall and floor coverings, can be used in renovating and modernizing old stations. Among the illustrations in the booklet are a number of combinations of photographs showing before and after views of the interiors and exteriors of remodeled structures.

Supply Trade

The Pittsburgh Plate Glass Company, Pittsburgh, Pa., will construct a paint plant at Houston, Tex., consisting of three main buildings, auxiliary units and storage tanks, on a 21-acre tract of land.

Reed-Prentice of B. C. Ltd., Vancouver, B. C., a subsidiary of the Reed-Prentice Corporation, Worcester, Mass., has purchased the business and good will of the D. J. Smith Equipment Company, Ltd., Vancouver.

Ward B. Maurer has been appointed district manager of the railway division, for lines west and south of Chicago, of the **American Hoist & Derrick Company,** St. Paul, Minn., with headquarters at Chicago.

A. H. Nicoll, assistant to the president of the **Graybar Electric Company, Inc.,** New York, has been elected a vice-president. Previous to his appointment as assistant to the president, Mr. Nicoll had served for the company as district manager of the San Francisco, Cal., territory.

David C. Prince, Philadelphia, Pa., since 1931 chief engineer of the switchgear department of the **General Electric Company,** has been appointed manager of the

(c) Bachrach

David C. Prince

commercial engineering department, with headquarters at Schenectady, N. Y., succeeding the late vice-president, **E. W. Allen,** according to an announcement made by President Charles E. Wilson. Mr. Prince has also been appointed a member of the company's advisory committee and the apparatus sales committee. He will have general direction of all sales department and district engineers and the contract service department. Mr. Prince is the holder of 73 patents, including one for electric locomotive design, and he was one of eight General Electric engineers recently selected as "Modern Pioneers of Industry" by the National Association of Manufacturers. Mr. Prince, upon graduation from the University of Illinois with the degrees of B. S. and M. S. in Engineering, entered the testing department of General Electric in 1913. The following year he was transferred to the railway engineering depart-

ment, then left that company to join the State Utilities Commission of Illinois. He returned to the General Electric Company in 1919 as assistant to Dr. E. F. W. Alexanderson, then specializing in radio development, continuing in this work until 1923, when he was assigned to the research laboratory, first on vacuum tube application and later as head of the power control section. In 1929, he was appointed research engineer in the switchgear department at Philadelphia and in February, 1931, was appointed head of the engineering department, which position he held until his recent promotion.

F. L. LaQue, assistant director of technical service on mill products for **The International Nickel Company, Inc.,** in New York, is now engaged in development activities on all applications of both ferrous and non-ferrous nickel-containing alloys. Mr. LaQue has been associated with International Nickel since 1927, devoting his activities to the field of corrosion and corrosion-resisting materials. **Dr. William A. Mudge,** works metallurgist of the company's rolling mill at Huntington, W. Va., who has been with the company since 1920, and who recently joined the technical service section of the Development and Research division in New York, has been appointed assistant director of technical service to succeed Mr. LaQue.

OBITUARY

Charles J. Nash, retired president of the Universal Draft Gear Attachment Company, who died in Chicago on April 9, as reported in the *Railway Age* of April 13, was born in Blue Earth, Minn., in 1865 and was educated at the University of Minnesota. He began his railroad career

Charles J. Nash

with the Great Northern, and was later employed by the Diamond Iron Works, the La Fayette Car Works, the Pullman Company, the Standard Steel Car Company, and the Westinghouse Air Brake Company. In 1912 he helped found the Universal Draft Gear Attachment Company, and from that date until his retirement in 1932 was its president.

Ross F. Hayes, manufacturers' agent, with office at New York, and for many years in the railway supply business, died on April 14, at his home in Brooklyn, N. Y. Mr. Hayes was born on October 6, 1869, at Lewiston, Me. In 1888, he enter-

Ross F. Hayes

ed the service of the Boston Woven Hose & Rubber Co., and remained with that company for 16 years, serving consecutively in New England and New York State; also at its St. Louis, Mo., branch and its Philadelphia, Pa., office. In 1904, he went to the Curtain Supply Company, Chicago, as western representative; three years later he became eastern manager. In May, 1919, he was appointed general eastern sales manager and in February, 1922 was appointed general sales manager of the same company, resigning in May, 1923, to engage in the railroad supply business, with headquarters at New York. The Curtain Supply Company was consolidated with the Adams & Westlake Company about 1927. In February, 1929, Mr. Hayes went with the Adams & Westlake Company at its New York office and in August, 1932, he returned to the manufacturers' agency field and the sale of steam and electric railway and bus supplies, with headquarters at New York. Mr. Hayes had been a member of the New York Railroad Club since December, 1907.

TRADE PUBLICATIONS

Creosoted Fence Posts.—The American Creosoting Company, Inc., Chicago, has published an eight-page booklet entitled, "Colonial Creosoted Fence Posts," which describes the creosoted fence posts manufactured by this company, the method of their installation and discusses their advantages in long life and strength. The booklet is well illustrated with photographs and drawings.

Transite Walls.—The Johns-Manville Sales Corporation, New York, has issued a 20-page illustrated booklet devoted to a discussion of movable Transite walls. The booklet tells how Transite may be used in the construction of movable walls for subdividing various types of interior space, and describes different decorative finishes that are available for such installations. It includes complete instructions for constructing walls of this type, which include a large number of detailed drawings.

Equipment and Supplies

FREIGHT CARS

The Cincinnati, New Orleans & Texas Pacific is inquiring for 75 covered hopper cars of 70 tons' capacity.

The Denver & Rio Grande Western is inquiring for 500 lightweight steel-sheathed wood lined box cars of 50 tons' capacity.

The Canadian National has ordered 150 convertible ballast cars from the Canadian Car & Foundry Co., Ltd. Inquiry for this equipment was reported in the *Railway Age* of April 13, page 687.

Panama Railroad.—Bids will be received by the acting general purchasing officer, Panama Railroad Company, care Panama Canal, Washington, D. C., until 10:00 a. m., May 8, for 50 freight cars of special five-foot gage. Alternate bids are wanted for 20 flat cars, for 30 box cars, or for 50 cars divided 20 flat and 30 box, of 50 tons' capacity.

PASSENGER CARS

The St. Louis Southwestern has been authorized by the federal district court to purchase two rebuilt cafe-lounge cars from the Texas & New Orleans for $19,000 each, and to purchase a Pullman car from the Pullman Company for $18,500 and convert it into a cafe-lounge car.

The Canadian National has ordered 5 mail and express cars from the Canadian Car & Foundry Co., Ltd., and 25 baggage cars from the National Steel Car Corporation. Inquiry for this equipment was reported in the *Railway Age* of April 13, page 687.

MOTOR VEHICLES

The Santa Fe Transportation Company has received delivery of one 37-passenger bus from the a.c.f. Motors Company.

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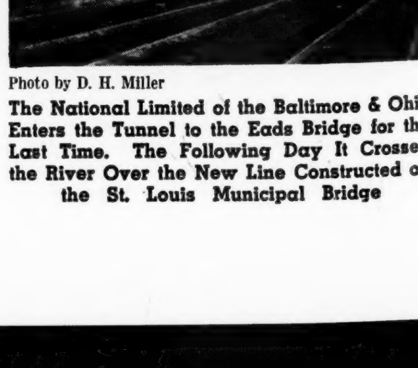

Photo by D. H. Miller

The National Limited of the Baltimore & Ohio Enters the Tunnel to the Eads Bridge for the Last Time. The Following Day It Crossed the River Over the New Line Constructed on the St. Louis Municipal Bridge

Construction

New York & Long Branch.—A contract has been awarded to Ole Hansen, Ventnor City, N. J., for underpinning three of the northerly approach piers of the drawbridge over the Manasquan River, at Briell-Point Pleasant, N. J., probable cost of which will be $35,500.

New York, Chicago & St. Louis.—The New York Public Service Commission has approved an estimate of the cost, $77,244, of work to be performed by the railroad by direct employment of labor and purchase of materials in connection with the elimination of grade crossings in Dunkirk, N. Y. This work includes temporary and permanent changes in its tracks and water facilities, relocation and remodelling the passenger station, constructing and removing temporary platforms, moving and raising freight house, changes in the signal system, etc.

Missouri Pacific.—Work has been started by railroad forces on the construction of a new approach replacing a 307 ft. timber trestle on the east end of the Fountain River bridge in Pueblo, Colo., with six 52-ft. 6-in. steel beam spans on new concrete cylinder piers. The piers will extend to a rock formation and will be formed by specially formed steel sheet piling manufactured by the Carnegie-Illinois Steel Corporation, Chicago. The steel for the spans was fabricated by the Kansas City Structural Steel Company, Kansas City, Mo. The project will cost approximately $64,500.

Spokane, Portland & Seattle.—A contract has been awarded the Hausen Construction Company, Portland, Ore., for the placing of 200,000 cu. yds. of embankment for a new track 11,000 ft. long to serve a plant of the Aluminum Company of America, now in the course of construction on the north bank of the Columbia river about two miles west of Vancouver, Wash. Approximately 150,000 cu. yds. of the embankment will be material dredged from the Columbia river and the remainder will be excavated from railroad property. The track will be laid by railroad forces.

Virginian.—The time within which this company may be permitted to construct a branch line in Wyoming County, W. Va. has been extended from April 15, 1940, to April 15, 1942 by an order of Division 4 of the Interstate Commerce Commission.

Wabash.—A contract has been awarded the Ross and White Company, Chicago, for the construction, complete with foundations, of new coal, sand and cinder-handling facilities at the road's Luther roundhouse in St. Louis, Mo.

Wabash.—A contract amounting to approximately $110,390 has been awarded the Weir Construction Company, Detroit, Mich., by the Wayne County Board of Road Commissioners for the construction of a grade separation project for two tracks of the Wabash at Pelham Road in Detroit. The railroad bridge will consist of a double track through plate girder bridge with an alloy-steel floor and ballast deck and will provide a total clearance face-to-face of abutments of 60 ft. The paved railway will be 42 ft. wide. Drainage will be cared for by a pumphouse with two pumps each driven by a 10-hp. motor automatically controlled by float switches.

Financial

Belt Railway of Chicago.—*Annual Report.*—The 1939 annual report of this company shows net income of $76,611 after interest and other charges, an increase of $22,703 as compared with net income in 1938. Selected items from the income account follow:

	1939	Increase or Decrease Compared with 1938
Railway Operating Revenues	$5,296,594	+$600,260
Maintenance of way	612,118	+58,676
Maintenance of equipment	375,981	+29,924
Transportation—Rail	2,240,987	+114,775
Total Operating Expenses	3,397,521	+167,412
Operating ratio	64.15	-4.63
Net Revenue from Operations	1,899,072	+432,848
Railway tax accruals	690,979	+204,315
Railway operating income	1,208,093	+228,533
Net rents	449,802	-205,199
Net Railway Operating Income	1,657,895	+23,334
Other income	58,700	-6,389
Total Income	1,716,595	+16,944
Rent for leased roads and equipment	1,639,265	+8,135
Total Fixed Charges	1,639,061	-5,640
Net Income	$76,611	+$22,703

Boston & Maine.—*Plan of Exchange.*—The stockholders of this road, at their annual meeting held in Boston, Mass., April 10, approved the railroad's plan of exchange. In answer to queries of stockholders, President E. S. French declared that to date holders of approximately 20 per cent, or $20,000,000 of total bonds outstanding of $103,500,000, have not yet assented to the plan. Among those not assenting are three large institutions whose holdings amount to between $4,000,000 and $5,000,000.

Mr. French said further, "I would be less than frank if I did not say to the stockholders and bondholders of this railroad that because of the apparent reluctance of a comparatively few holders of unstamped bonds to assent to the provisions of our plan, there is very grave danger that they will bring about the defeat of the plan and force the railroad into the costly procedure of bankruptcy. . . . The situation is grave and the danger is great. I have tried to analyze the process of reasoning which influences a bondholder to withhold his assent, and I am compelled to conclude that such reasoning is based, and based only, on the hope that everyone else will co-operate while he himself may profit through the co-operative spirit of the great majority. Such a person may feel he is individually right in his attitude, but if there are enough of his kind to defeat the plan, as it now looks as though there might be, he is certainly not acting in his own interest, to say nothing of the interests of the community."

Chesapeake & Ohio.—*Abandonment.*—This company has asked the Interstate Commerce Commission for authority to abandon its Kinniconnick & Freestone subdivision extending from Garrison, Ky., to Poplar, 17.4 miles.

Chicago, Milwaukee, St. Paul & Pacific.—*Annual Report.*—The 1939 annual report of this road shows net deficit after interest and other charges of $14,427,382, a decrease of $3,568,887 as compared with net deficit in 1938. Selected items from the income account follow:

	1939	Increase or Decrease Compared with 1938
Railway Operating Revenues	$106,875,380	+$7,438,534
Total Operating Expenses	85,511,814	+4,838,627
Operating ratio	80.00	-1.12
Net Revenue from Operations	21,363,566	+2,599,906
Railway tax accruals	8,297,000	-408,000
Railway operating income	13,066,566	+3,007,906
Equipment rents—Dr.	2,438,838	+120,893
Joint facility rents —Dr.	2,503,533	+37,358
Net Railway Operating Income	8,124,194	+2,849,655
Other income	1,431,900	+503,088
Total Income	9,556,094	+3,352,744
Rent for leased roads and equipment	1,110,854	-1,198
Interest on funded debt	12,593,954	-321,071
Total Fixed Charges	14,739,147	-215,303
Net Deficit Before Deduction for Interest on Conv. Adj. Mtge. Bonds	5,283,697	-3,568,887
Int. on Conv. Adj. Mtge. Bonds (5% accrued)	9,143,684	....
Net Deficit	$14,427,382	-$3,568,887

Duluth, South Shore & Atlantic.—*Annual Report.*—The 1939 annual report of this company shows net deficit after interest and other charges of $845,034, a decrease of $232,383 as compared with net deficit in 1938. Selected items from the condensed income state follow:

	1939	Increase or Decrease Compared with 1938
Gross Revenue	$2,327,828	+$495,044
Operating Expenses	2,017,949	+270,205
Net Revenue	309,878	+224,838
Net rents and taxes—Dr.	226,791	+14,886
Net Railway Operating Income	83,087	+209,952
Other income—net—Dr.	5,765	-3,470
Income available for fixed charges	77,321	+213,421
Fixed Charges	922,356	-18,961
Net Deficit	$845,034	-$232,383

East Berlin. — *Abandonment.* — This company has asked the Interstate Commerce Commission for authority to aban-

don its line extending from East Berlin, Pa., to Berlin Junction, seven miles.

ELGIN, JOLIET & EASTERN.—*Annual Report.*—The 1939 annual report of this road shows net income, after interest and other charges, of $2,497,048, an increase of $2,224,916 as compared with net income in 1938. Selected items from the income account follow:

	1939	Increase or Decrease Compared with 1938
RAILWAY OPERATING REVENUES	$18,148,238	+$6,069,062
TOTAL OPERATING EXPENSES	12,235,990	+2,712,918
Railway tax accruals	1,814,687	+562,242
Railway operating income	4,097,561	+2,793,901
Equipment and joint facility rents—net Dr.	782,095	+639,303
NET RAILWAY OPERATING INCOME	3,315,465	+2,154,597
Other income	178,436	+101,051
TOTAL INCOME	3,493,902	+2,225,649
Rent for leased roads	2,695	+61,347
Interest on funded debt	975,440	−25,354
TOTAL FIXED CHARGES	978,347	+31,839
NET INCOME	$2,497,048	+$2,224,916

GREAT NORTHERN.—*Bonds of the United Railways.*—The United Railways, a subsidiary of the Spokane, Portland & Seattle, has asked authority from the Interstate Commerce Commission to execute and issue promissory notes for $450,000 and $573,750, to be secured by a first mortgage upon its railroad property. The United will deliver to the Spokane, Portland & Seattle two notes dated January 1, 1940, and maturing January 1, 1950, carrying no interest, to pay off $450,000 of first mortgage bonds and to cancel accrued interest of $573,750.

LEHIGH & HUDSON RIVER.—*Annual Report.*—The 1939 annual report of this company shows net income of $205,827 after interest and other charges, an increase of $50,050 as compared with net income in 1938. Selected items from the income account follow:

	1939	Increase or Decrease Compared with 1938
RAILWAY OPERATING REVENUES	$1,594,002	+$100,052
Maintenance of way	162,535	+15,421
Maintenance of equipment	271,998	+14,665
Transportation	538,993	+13,906
TOTAL OPERATING EXPENSES	1,092,973	+43,047
Operating ratio	68.6	−1.7
NET REVENUE FROM OPERATIONS	501,029	+57,005
Railway tax accruals	183,999	+13,918
Hire of equipment	70,992	−12,735
Joint facility rents	61,919	−76
NET RAILWAY OPERATING INCOME	184,117	+55,899
Other income	25,192	−3,058
GROSS INCOME	209,310	+52,840
TOTAL DEDUCTIONS FROM GROSS INCOME	3,482	+2,789
NET INCOME	$205,827	+$50,050

ILLINOIS CENTRAL.—*Equipment Trust Certificates.*—A banking group headed by Salomon Brothers & Hutzler and including Stroud & Co., and Dick & Merle-Smith, all of New York, were successful bidders for $4,734,000 of 2½ per cent equipment trust certificates of this road on a bid of 101.179 per cent. This obtains an interest cost of approximately 2.22 per cent.

MAINE CENTRAL.—*Annual Report.*—The 1939 annual report of this road shows net income of $573,443 after interest and other charges, an increase of $876,065 as compared with net income in 1938. Selected items from the income account follow:

	1939	Increase or Decrease Compared with 1938
RAILWAY OPERATING REVENUES	$11,990,440	+$871,611
Maintenance of way	1,605,496	−75,151
Maintenance of equipment	1,966,107	+112,518
Transportation	4,375,226	+72,303
TOTAL OPERATING EXPENSES	8,504,984	+96,826
Operating ratio	70.93	−4.69
NET REVENUE FROM OPERATIONS	3,485,456	+774,785
Railway tax accruals	797,588	−59,328
Railway operating income	2,687,867	+834,113
Equipment and joint facility rents—net Dr.	506,544	+20,059
NET RAILWAY OPERATING INCOME	2,181,323	+814,054
Other income	475,033	+51,588
TOTAL INCOME	2,656,357	+865,642
Rental payments	665,158	−2,981
Interest on debt	1,377,993	−8,427
NET INCOME	$573,443	+$876,065

NORFOLK & WESTERN.—*By-Law Amendments.*—Stockholders of this road on April 11 approved a plan to amend its charter and by-laws so that the terms of directors may be staggered. They also approve change of the annual meeting date to the second Tuesday in May, to be effective next year.

NEW YORK, CHICAGO & ST. LOUIS.—*Northern Ohio Bond Interest.*—Judge S. I. Rosenman, of the New York State Supreme Court, held in a decision of April 16 that the Nickel Plate is responsible for interest charges on 5 per cent first mortgage bonds on the Northern Ohio, due October 1, 1945, of which there are $2,500,000 outstanding. The suit was brought against the road by a holder of two $1,000 N. O. bonds.

Whether the Nickel Plate is liable for redemption and payment of interest on the Northern Ohio bonds had been in doubt since interest payments were defaulted on April 1, 1935. The Akron, Canton & Youngstown, a terminal road in bankruptcy since 1933, leased the Northern Ohio from the Lake Erie & Western (which was merged with the Nickel Plate in 1923) in 1920 at an annual rental of net earnings and according to the terms of the lease assumed obligation of principal and interest on the N. O. first 5's, releasing the L. E. & W. from further obligation. It is to be noted that Northern Ohio bond holders would participate in the reorganized A. C. & Y. according to the debtor's plan.

PEORIA & PEKIN UNION.—*Annual Report.*—The 1939 annual report of this company shows net income of $59,269, after interest and other charges, an increase of $32,855 as compared with net income in 1938. Selected items from the income account follow:

	1939	Increase or Decrease Compared With 1938
RAILWAY OPERATING REVENUES	$1,067,319	+$58,469
TOTAL OPERATING EXPENSES	878,552	+23,348
NET REVENUE FROM OPERATIONS	188,767	+35,121
Railway tax accruals	165,802	+5,251
Railway operating income	22,965	+29,869
Net rents	188,166	+1,065
NET RAILWAY OPERATING INCOME	211,132	+30,935
Other income	17,810	−3,228
TOTAL INCOME	228,942	+27,706
Rent for leased roads and equipment	1,500	....
Interest on funded debt	162,547	−3,324
TOTAL FIXED CHARGES	168,139	−4,962
NET INCOME	$59,269	+$32,855

RUTLAND.—*Annual Report.*—The 1939 annual report of this road shows net deficit, after interest and other charges, of $221,202, a decrease of $670,595 compared with net deficit in 1938. Selected items from the income statement follow:

	1939	Increase or Decrease Compared with 1938
Average Mileage Operated	407.29	......
RAILWAY OPERATING REVENUES	$3,456,840	+$501,614
TOTAL OPERATING EXPENSES	3,053,541	−94,172
Operating ratio	88.33	−18.18
NET REVENUE FROM OPERATIONS	403,299	+595,787
Railway tax accruals	240,320	−88,502
Railway operating income	162,978	+684,289
Equipment rents—net Dr.	50,600	+17,119
Joint facility rents—net Cr.	23,066	−1,048
NET RAILWAY OPERATING INCOME	135,445	+666,121
Other income	56,143	+5,862
TOTAL INCOME	191,588	+671,984
Rent for leased roads and equipment	15,000	−55
Interest on funded debt	390,530	−1,064
TOTAL FIXED CHARGES	406,553	−340
NET DEFICIT	$221,202	−$670,595

Average Prices of Stocks and Bonds

	April 16	Last week	Last year
Average price of 20 representative railway stocks..	31.56	32.11	26.29
Average price of 20 representative railway bonds..	59.76	60.01	57.71

Dividends Declared

Clearfield & Mahoning.—$1.50, semi-annually, payable July 1 to holders of record June 20.

Wheeling & Lake Erie.—Prior Lien, $1.00, quarterly; 5½ Per Cent, $1.38, quarterly, both payable May 1 to holders of record April 20.

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44% increase in freight train speeds since 1921 shows the operating effect of modern power. There are great possibilities of further improving the record by introducing still more steam locomotives of modern design. Increase your speeds and profits with Lima Power.

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LOCOMOTIVE WORKS, INCORPORATED, LIMA, OHIO

Railway Officers

EXECUTIVE

Juan Gutierrez has been elected director general of the general executive council of the National Railways of Mexico, succeeding **S. J. Romero,** who has resigned.

Arthur Herbert Cavanagh, whose appointment as chairman of the board of the Temiskaming & Northern Ontario, with headquarters at North Bay, Ont., was announced in the *Railway Age* of April 6, was born on August 17, 1887, at Kingston, Ont. He attended the Collegiate Institute at Kingston, Ont., and entered railway service in 1906, as a brakeman with the Temiskaming & Northern Ontario. In 1907, Mr. Cavanagh joined the staff of the Canadian Northern (now Canadian National) and was employed successively as brakeman, conductor and construction superintendent until 1909, when he was appointed conductor. In 1914, he was ap-

Arthur Herbert Cavanagh

pointed yardmaster, and in 1918 became trainmaster. He was appointed assistant superintendent, Capreol, Ont., Toronto and Hamilton, in 1920, and superintendent, Hornepayne and Capreol, in 1929, being transferred to Allandale in 1931. On November 1, 1934, Mr. Cavanagh re-entered the service of the Temiskaming & Northern Ontario as general manager, which position he retained until his recent appointment as chairman of the board.

FINANCIAL, LEGAL AND ACCOUNTING

H. S. Walker and **R. Wipprecht,** assistants to the general auditor of the Union Pacific, have been promoted to assistant general auditors, with headquarters as before at Omaha, Neb., a change in titles.

Karl M. Sisterhenm, whose appointment as treasurer of the Central of Georgia, with headquarters at Savannah, Ga., was announced in the *Railway Age* of April 6, was born at Ligonier, Ind. He entered railroad service in 1907 as a bookkeeper with the Central of Georgia. In 1920, Mr. Sisterhenm was appointed as-

Karl M. Sisterhenm

sistant to comptroller, and in 1927 assistant to treasurer, which position he held at the time of his recent appointment.

OPERATING

J. M. Parramor, traffic manager of the Chicago, New York & Boston Refrigerator Co., has been elected president and general manager, effective April 18, with headquarters as before at Chicago, succeeding **J. A. Forsyth,** who has retired.

Ernest T. Williams, chief clerk to the general manager of the Railway Express Agency, with headquarters at Washington, D. C., has been appointed superintendent of the Blue Ridge Division, with headquarters at Roanoke, Va., succeeding **Minor Lee Carter,** retired. Mr. Williams entered railway service in September, 1908, as a clerk with the Railway Express Agency, with headquarters at Charlotte, N. C. He progressed through various posts, finally becoming chief clerk to the agent at Charlotte. In February, 1913, he was transferred to Richmond, Va., as correspondent. Mr. Williams served in the U. S. Army from 1917 to 1919, and returned to the Railway Express Agency as chief clerk to the superintendent at Nor-

Ernest T. Williams

folk, Va., in the latter year. In September, 1921, Mr. Williams was appointed route agent at Wilmington, N. C., and in 1922 he became agent at Goldsboro. Shortly thereafter, he became agent at Charleston, W. Va., and in May, 1934, he was appointed chief clerk to the general manager.

Mr. Carter entered railway service on April 2, 1891, as a messenger with the Railway Express Agency and in 1903, he was appointed clerk at Roanoke. Within a year, he was promoted to cashier, and a short time later went to Lynchburg, Va., as depot agent. Shortly thereafter, he became route agent at Portsmouth, Ohio, returning to Roanoke in October, 1906, as agent, and serving in that capacity until 1918, when he again became route agent. In January, 1920, Mr. Carter was appointed assistant superintendent of the Blue Ridge division, which position he relinquished on October 1, 1925, to become superintendent of the Blue Ridge division.

William Grant Cunningham, whose promotion to superintendent of the Dauphin division of the Canadian National, with headquarters at Dauphin, Man., was announced in the *Railway Age* of March 30, was born at Dunbeath, Scotland, on December 23, 1887, and entered railway service on September 23, 1909, as a freight brakeman on the Canadian Northern (now

William Grant Cunningham

part of the Canadian National), at Winnipeg, Man., later serving as a freight conductor. On December 31, 1928, he was elected general chairman of the Brotherhood of Railroad Trainmen at Winnipeg, and on May 15, 1937, he resigned this position to return to the Canadian National as assistant superintendent at Fort Rouge, Man., the position he held until his recent promotion, which was effective March 18.

George D. Hood, superintendent of telegraph of the Chicago, Rock Island & Pacific, with headquarters at Chicago, will retire on May 1. Mr. Hood was born at Yarmouth, N. S., on November 16, 1875, and attended Yarmouth Academy. He entered railway service as a telegraph operator on the Intercolonial (now part of the Canadian National), in Nova Scotia, and later served as an operator in New Brunswick. In 1892, he went with the Western Union Telegraph Company at Halifax, N. S., and the following year he was transferred to St. Paul, Minn. A short time later, he went with the Northern Pacific as an operator at St. Paul, and was

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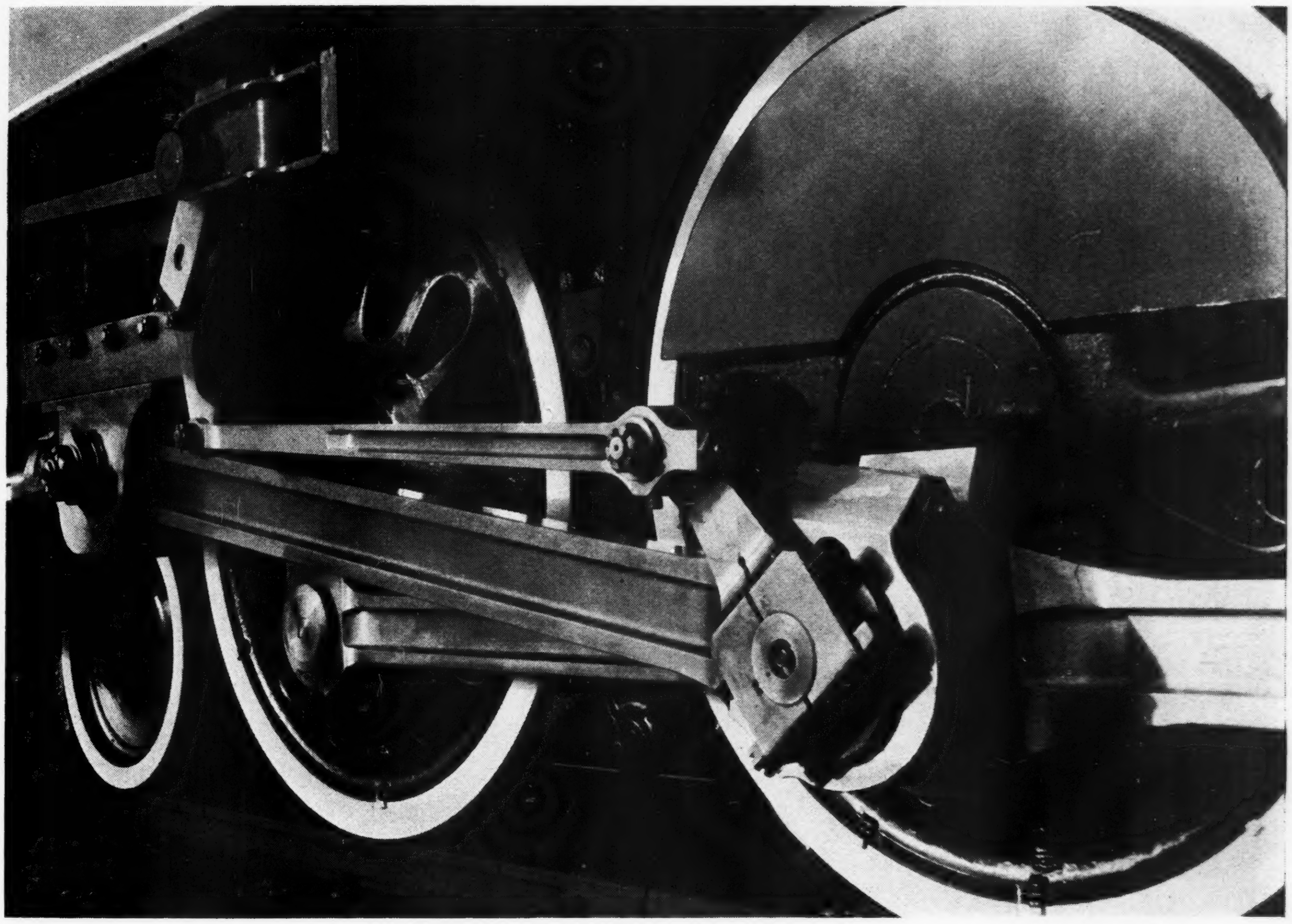
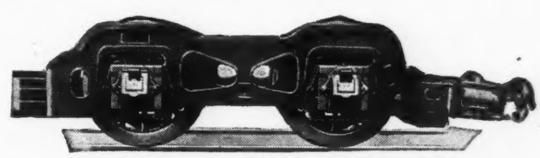
Be prepared
wherever the drivers STOP



MOST of the time the average steam locomotive is forced to make its starts on the power of only one cylinder. This necessitates the taking of slack, which annoys passengers and is hard on the locomotive and train. » » » Although the nominal power increase of the Booster* is but a small part of the rated drawbar pull of the locomotive, there are times when this increase reaches more than half of the locomotive's actual starting power. It is at these times that The Locomotive Booster is a necessity for the best train operation. Taking slack results in early repairs and out-of-service time of the locomotive. » » » The Booster gives the necessary power to make smooth, quick starts *at all positions of the crank* . . . Keep your starting power up at all times with The Locomotive Booster.



*Trademark Registered United States Patent Office

FRANKLIN RAILWAY SUPPLY COMPANY, INC. NEW YORK CHICAGO MONTREAL

later transferred to Helena, Mont., where he served successively as a telegraph operator, wire chief and assistant city ticket agent. In 1902, he went with the Atchison, Topeka & Santa Fe as wire chief at Topeka, Kan., later becoming manager of the telegraph and relay office, and chief clerk to the superintendent of telegraph. Mr. Hood left the Santa Fe in 1910, to become superintendent of the Pacific division of the Western Union Telegraph Company, with headquarters at Seattle, Wash. On August 1, 1916, he was appointed superintendent of telegraph of the Rock Island, with headquarters at Chicago, the position he now holds. Mr. Hood was active for many years in the Telegraph and Telephone section of the Association of American Railroads, and in 1925-26 served as chairman of that section.

Carl Addison Taylor, whose appointment as assistant general superintendent of the Chesapeake & Ohio, with headquarters at Huntington, W. Va., was announced in the *Railway Age* of April 6, was born on June 15, 1891, at Kenton, Delaware. Mr. Taylor was a student of Electrical

Carl Addison Taylor

Engineering and was graduated from the University of Delaware in 1912. He entered railroad service on September, 1912, as a signal repairman with the Pennsylvania. In July, 1913, he was appointed signal apprentice, and from August, 1916, to July, 1917, he was employed as signal foreman at Altoona, Pa., and assistant inspector of signals in the office of the signal engineer, with headquarters at Philadelphia. In July, 1917, Mr. Taylor was appointed assistant supervisor of signals at Trenton, N. J., later being transferred to Philadelphia in the same capacity. In August, 1921, Mr. Taylor was appointed assistant supervisor of telegraph and signals, relinquishing this position in March, 1924, to become signal office engineer for the Chesapeake & Ohio. In August, 1925, he became assistant superintendent of signals, for the same road, serving in that position until September, 1927, when he became signal engineer. In April of the following year he was promoted to superintendent of telegraph and signals for the road at Richmond, Va., the position he held at the time of his recent promotion.

SPECIAL

Effective April 1, **Dr. B. W. Stockwell** has been appointed chief surgeon of the Grand Trunk Western, with headquarters at Detroit, Mich., succeeding **Dr. G. W. Stockwell,** deceased.

D. M. Lay, chief special agent of the Kansas City Southern, has retired and **L. O. Clinton** has been appointed chief special agent of the K. C. S. and the Louisiana & Arkansas, with headquarters at Shreveport, La.

TRAFFIC

George I. Snyder, route agent of the Railway Express Agency at Washington, D. C., has been appointed general agent at Charlotte, N. C.

F. H. Strong, general agent for the Kansas City Southern and the Louisiana & Arkansas at New Orleans, La., has been transferred to Baton Rouge, La., succeeding **R. M. Scott,** who has been appointed assistant general agent at that point.

William A. Watson, foreign freight agent of the Canadian National, with headquarters at Chicago, has been appointed foreign freight agent with headquarters at Toronto, Ont., succeeding **F. R. Porter,** retired. **E. F. Howell,** export and import agent, will succeed Mr. Watson as foreign freight agent, with headquarters as before at Chicago. Mr. Watson was born in Orillia, Ont., and was educated at Winnipeg, Man. He entered railway service with the Grand Trunk Pacific, being subsequently moved to Edmonton, Alberta. After service as a pilot in the Royal Air Force during the first World War, he returned to Montreal, Que., in 1919, as freight traffic representative, and in 1924, was appointed representative of the Canadian National at Hong Kong. He also served as general agent at Singapore and Yokohama. He left Japan in 1929 to become assistant to the traffic manager, Foreign Freight department, at Montreal,

William A. Watson

and in 1931 was appointed foreign freight agent at Chicago, which position he has now relinquished to assume his new duties at Toronto.

Mr. Porter was born at Stratford, Ont., and entered railway service in 1892, serving subsequently at London, Ont., Hamilton and Toronto, where, from 1903 to 1910, he was assistant foreign freight agent of the Grand Trunk System. In 1910, he was stationed at Edmonton as division freight agent for the Grand Trunk Pacific, and in 1913 was appointed assistant general freight agent, with headquarters at Winnipeg. In 1920, Mr. Porter became foreign freight agent at Toronto.

Clemmett Birdsong Perkins, whose appointment as general passenger agent of the Norfolk & Western, with headquarters at Roanoke, Va., was announced in the *Railway Age* of April 6, was born on No-

Clemmett Birdsong Perkins

vember 23, 1892, at Petersburg, Va. He entered railway service in July, 1907, as a messenger in the freight depot of the Norfolk & Western, at Norfolk, being promoted to night clerk in December, 1909. In January, 1910, he was appointed receiving clerk, and in March, 1911, he was appointed car service clerk. Mr. Perkins was promoted to freight and passenger agent at Petersburg in August, 1915, and in January, 1916, became city passenger agent. In June, 1921, he was appointed traveling passenger agent, with headquarters at Winston-Salem, N. C., which position he relinquished on April 1, 1928, to become eastern passenger agent, with offices in New York. During 1928, his title was changed to general eastern passenger agent, the position Mr. Perkins held at the time of his recent appointment.

W. A. Feldman, who has been in charge of the divisions department of the St. Louis Southwestern at St. Louis, Mo., has been promoted to assistant general freight agent, with the same headquarters. **H. Clarke Roberts,** assistant general freight agent at St. Louis, has been advanced to general freight agent, with the same headquarters, succeeding **C. C. Rockenback,** who has been appointed industrial commissioner, a newly created position, with headquarters at St. Louis.

Mr. Roberts was born at Mt. Calm, Tex., on July 12, 1896, and attended Baylor University, Waco, Tex., in 1913 and 1914. He entered railway service on October 17, 1917, as a passing record clerk on the Missouri-Kansas-Texas at Waco, a short time later being promoted to check clerk. From

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SECURITY CIRCULATORS
Progress Report...

1934	4
1935	7
1936	12
1937	34
1938	38
1939	243
(Applied and Ordered to March 15th) 1940	183

total..521

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LOW MAINTENANCE COST—original units applied in 1934, still in service after six years, with no renewals or repair expenses on Circulators.

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REDUCED honeycombing and cinder cutting.

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IMPROVED circulation in side-water legs.

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Security Circulator Division

NEW YORK **CHICAGO**

August, 1918, until January 15, 1919, he served in the U. S. Army, returning to railroad service on the latter date as a check clerk for the St. Louis Southwestern (of Texas) at Waco and later serving as yard clerk at Corsicana, Tex. On September 8, 1919, he went with the Trinity & Brazos Valley (now the Burlington-Rock Island) as a brakeman, but returned to the Cotton Belt on March 6, 1920, as assistant claim clerk at Waco. Mr. Roberts was appointed chief bill clerk on September 6, 1920, and on December 27, 1921, he was appointed junior rate clerk in the traffic department at Tyler, Tex. He later advanced through various positions in this department, and on January 1, 1930, he was transferred to St. Louis, Mo., as chief clerk. On September 1, 1932, he was promoted to assistant general freight agent at St. Louis, the position he held until his recent promotion, which was effective April 1.

ENGINEERING AND SIGNALING

Murray C. Taylor, track supervisor on the Louisville & Nashville at Latonia, Ky., has been promoted to supervisor of work equipment, a newly created position, with headquarters at Louisville, Ky.

P. M. Roeper, assistant division engineer on the Pennsylvania, with headquarters at Jersey City, N. J., has been promoted to division engineer, with headquarters at Erie, Pa., to succeed **P. W. Triplett,** who has been transferred to the Long Island (a subsidiary of the Pennsylvania), with headquarters at Jamaica, L. I., succeeding **J. P. Newell, Jr.,** whose appointment as superintendent at Logansport, Ind., was noted in the April 13 issue, page 693. **M. C. Bitner,** supervisor of track at Baltimore, Md., has been promoted to assistant division engineer at Jersey City, to succeed Mr. Roeper.

David A. Ruhl, whose promotion to engineer of buildings of the Chicago, Rock Island & Pacific was announced in the *Railway Age* of April 6, was born at Des Moines, Iowa, on March 4, 1896, and was graduated from Cornell University, Ithaca, N. Y. He entered the service of the Rock

David A. Ruhl

Island on July 1, 1924, as a rodman in the engineering department at Des Moines, and on March 23, 1925, he was promoted to instrumentman at Chicago, several months later being promoted to senior instrumentman. On April 15, 1926, he was advanced to assistant engineer, and on January 1, 1929, he was appointed acting division engineer at Chicago. Mr. Ruhl was re-appointed assistant engineer on January 1, 1931, and on February 1, 1932, he was appointed rodman. On March 1, 1932, he was appointed a track supervisor on the Illinois division, and on May 21, 1934, he returned to his former position as assistant engineer on the Chicago Terminal division. On October 1, 1935, he was appointed general foreman at the Chicago terminal and on August 21, 1937, he was promoted to stationmaster of the LaSalle Street station, Chicago. Mr. Ruhl was advanced to general building inspector, with headquarters at Chicago, in September, 1939, the position he held until his recent promotion, which was effective April 1, 1940.

MECHANICAL

H. M. Turner, assistant superintendent of car service on the Union Pacific, has been promoted to superintendent of car service of the Northwestern district, with headquarters at Portland, Ore., succeeding **P. J. Lynch,** whose promotion to general superintendent of transportation, with headquarters at Omaha, Neb., was announced in the *Railway Age* of April 6. The position of assistant superintendent of car service has been abolished.

PURCHASES AND STORES

Frank C. Turner, assistant general storekeeper on the Northern Pacific, with headquarters at South Tacoma, Wash., has been promoted to general storekeeper, with headquarters at St. Paul, Minn., succeeding **H. M. Smith,** who retired on April 1, after 41 years of service with the Northern Pacific. Mr. Smith was born at Dover, Minn., on July 11, 1873, and entered railroad service on December 13, 1899, as a stores attendant in the St. Paul shops of the Northern Pacific. He advanced through various positions in the stores department until 1921, when he was appointed traveling storekeeper. Five years later, Mr. Smith was promoted to assistant general storekeeper at St. Paul, and on August 1, 1932, he was further advanced to general storekeeper, holding that position until his retirement.

OBITUARY

M. F. Brown, fuel supervisor of the Northern Pacific, with headquarters at St. Paul, Minn., died suddenly of a heart attack on April 13.

John J. Gunn, division freight agent of the Williamsport, Pa., division of the Pennsylvania, died April 11, at Elmira, N. Y., at the age of 45.

Francis Le Brun du Bosque, at one time superintendent of floating equipment for the Pennsylvania, died April 14, at the age of 76.

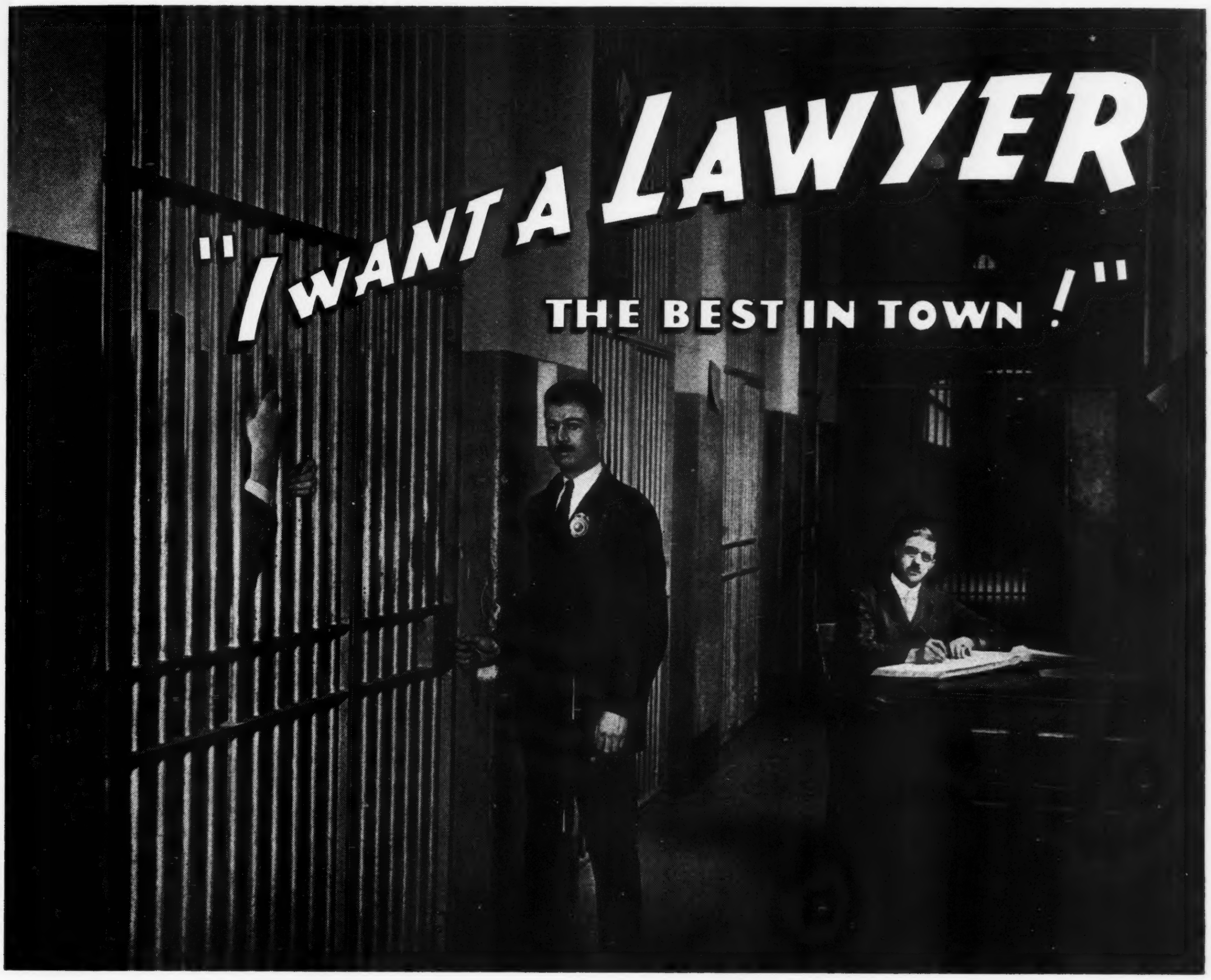
Robert E. Lohman, special representative in the passenger department of the Baltimore & Ohio, with headquarters at Baltimore, Md., died at his home in Baltimore, on April 12, at the age of 62.

George W. Chappell, general signal supervisor of the New York, New Haven & Hartford, with headquarters at New Haven, Conn., died on April 10 at his home in that city. Mr. Chappell was born in Bethel, Delaware county, Pa., on November 7, 1868. He was educated in the high schools and entered railway service in 1887 as telegraph operator on the Pennsylvania, serving subsequently in the same capacity on the Long Island. He became telegraph operator for the New Haven in 1889, serving in various capacities in the signal department of that road until 1905 when he became assistant signal engineer, which title was later changed to general signal supervisor with the same duties.

William H. Kelly, general superintendent of the Second Operating district of the Chicago, Rock Island & Pacific, with headquarters at Kansas City, Mo., died on April 11, at St. Luke's hospital in Kansas City after a short illness. Mr. Kelly was born at Russellville, Mo., on September 30, 1879, and attended the Joplin (Mo.) Business College during 1896 and 1897. He entered railway service on October 2, 1901, as a brakeman on the St. Louis-San Francisco and, until 1909, he served on that road, the Missouri Pacific, the Missouri-Kansas-Texas, the Atchison, Topeka & Santa Fe, and the Kansas City Southern as brakeman, switchman and conductor. In 1909, he became a switchman on the Chicago, Burlington & Quincy, and in the following year he was appointed assistant yardmaster. Later he was promoted to night yardmaster at Kansas City, Mo., and in 1918, he was advanced to trainmaster of the Chicago division. Three years later he became terminal trainmaster at Galesburg, Ill., and in September, 1928, he was promoted to acting superintendent of the St. Louis terminals of the Burlington. Mr. Kelly was advanced to superintendent of these terminals on October 1, 1929. In 1936, he went with the Rock Island as special representative of the chief operating officer, and in July of that year he was appointed superintendent, with headquarters at Rock Island, Ill. Mr. Kelly was promoted to general superintendent, with headquarters at Kansas City, in December, 1938.

C. A. Lichty, secretary-treasurer of the American Railway Bridge and Building Association and secretary of the Roadmasters' and Maintenance of Way Association, with headquarters at Chicago, died of a heart ailment after a short illness on April 18. Mr. Lichty was a former superintendent of bridges and buildings on the Chicago & North Western and retired as material inspector in the purchasing department of the C. & N. W. at Chicago on July 1, 1935. He was a past president of the American Railway Bridge and Building Association and had been secretary of that organization since 1910, and treasurer since 1916. In 1936 he was elected also assistant secretary of the Roadmasters' and Maintenance of Way Association and in 1937, he was elected secretary of that organization.

Table of Operating Revenues and Expenses appears on next left-hand page



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Operating Revenues and Operating Expenses of Class I Steam Railways

Compiled from 133 Monthly Reports of Revenues and Expenses Representing 137 Class I Steam Railways

(Switching and Terminal Companies Not Included)

FOR THE MONTH OF FEBRUARY, 1940 AND 1939

Item	United States		Eastern District		Southern District		Western District	
	1940	1939	1940	1939	1940	1939	1940	1939
Miles of road operated at close of month†	233,011	233,704	57,391	57,634	44,361	44,515	131,259	131,555
Revenues:								
Freight	$257,629,664	$224,819,048	$111,866,995	$96,237,529	$55,564,157	$48,248,637	$90,198,512	$80,332,882
Passenger	31,944,512	30,236,647	16,934,964	16,502,565	6,283,766	5,348,926	8,725,782	8,385,156
Mail	7,694,949	7,369,292	2,940,305	2,834,330	1,339,470	1,283,309	3,415,174	3,251,653
Express	3,270,876	2,937,932	1,135,406	996,381	820,914	780,055	1,314,556	1,161,496
All other operating revenues	12,934,812	11,541,415	6,477,475	5,732,162	1,787,460	1,617,348	4,669,877	4,191,905
Railway operating revenues	313,474,813	276,904,334	139,355,145	122,302,967	65,795,767	57,278,275	108,323,901	97,323,092
Expenses:								
Maintenance of way and structures	33,204,843	30,597,113	13,494,368	12,135,535	6,949,224	6,388,825	12,761,251	12,072,753
Maintenance of equipment	64,974,289	58,960,882	29,499,918	25,678,513	12,940,965	11,469,417	22,533,406	21,812,952
Traffic	8,690,057	8,458,391	3,062,790	3,067,308	1,771,631	1,692,962	3,855,636	3,698,121
Transportation—Rail line	119,639,577	109,082,234	55,622,340	49,479,877	21,131,044	19,079,785	42,886,193	40,522,572
Transportation—Water line	506,906	373,664	......	......	......	......	506,906	373,664
Miscellaneous operations	3,103,965	2,850,663	1,349,829	1,231,744	579,023	484,249	1,175,113	1,134,670
General	10,581,300	10,452,343	4,233,599	4,252,103	2,036,529	1,950,039	4,311,172	4,250,201
Transportation for investment—Cr.	182,018	155,357	14,900	12,051	44,520	37,770	122,598	105,536
Railway operating expenses	240,518,919	220,619,933	107,247,944	95,833,029	45,363,896	41,027,507	87,907,079	83,759,397
Net revenue from railway operations	72,955,894	56,284,401	32,107,201	26,469,938	20,431,871	16,250,768	20,416,822	13,563,695
Railway tax accruals	29,850,734	27,636,402	12,508,199	11,531,312	6,703,118	5,858,426	10,639,417	10,246,664
Railway operating income	43,105,160	28,647,999	19,599,002	14,938,626	13,728,753	10,392,342	9,777,405	3,317,031
Equipment rents—Dr. balance	7,858,663	7,167,098	3,744,954	3,189,471	409,597	532,974	3,704,112	3,444,653
Joint facility rent—Dr. balance	2,628,754	2,843,195	1,418,177	1,481,962	265,631	336,619	944,946	1,024,614
Net railway operating income	32,617,743	18,637,706	14,435,871	10,267,193	13,053,525	9,522,749	5,128,347	*1,152,236
Ratio of expenses to revenues (per cent)	76.7	79.7	77.0	78.4	68.9	71.6	81.2	86.1
Depreciation included in operating expenses	16,824,869	16,724,025	7,233,119	7,231,039	3,424,972	3,323,490	6,166,778	6,169,496
Pay roll taxes	9,089,100	7,990,339	4,070,482	3,458,909	1,684,448	1,459,016	3,334,170	3,072,414
All other taxes	20,761,634	19,646,063	8,437,717	8,072,403	5,018,670	4,399,410	7,305,247	7,174,250

FOR TWO MONTHS ENDED WITH FEBRUARY, 1940 AND 1939

Item	United States		Eastern District		Southern District		Western District	
	1940	1939	1940	1939	1940	1939	1940	1939
Miles of road operated at close of month†	233,049	233,762	57,402	57,639	44,373	44,515	131,274	131,608
Revenues:								
Freight	$540,736,936	$471,631,630	$237,808,859	$201,166,211	$115,184,670	$100,916,376	$187,743,407	$169,549,043
Passenger	68,023,718	65,022,143	36,524,910	35,957,485	12,431,491	10,677,443	19,067,317	18,387,215
Mail	15,780,512	15,295,198	5,980,348	5,824,036	2,773,717	2,709,814	7,026,447	6,761,348
Express	6,750,948	6,294,976	2,498,007	2,211,660	1,620,316	1,661,264	2,632,625	2,422,052
All other operating revenues	27,680,917	24,439,154	13,994,053	12,227,757	3,749,960	3,352,530	9,936,904	8,858,867
Railway operating revenues	658,973,031	582,683,101	296,806,177	257,387,149	135,760,154	119,317,427	226,406,700	205,978,525
Expenses:								
Maintenance of way and structures	67,138,323	61,973,001	27,397,243	24,673,459	14,075,725	13,016,326	25,665,355	24,283,216
Maintenance of equipment	133,944,687	121,066,943	61,588,709	52,929,628	26,417,922	23,564,297	45,938,056	44,573,018
Traffic	17,513,823	16,972,612	6,203,815	6,043,444	3,594,782	3,428,272	7,715,226	7,500,896
Transportation—Rail line	250,458,821	225,810,634	116,447,183	102,307,774	44,139,039	39,416,018	89,872,599	84,086,842
Transportation—Water line	1,025,950	747,011	......	......	......	......	1,025,950	747,011
Miscellaneous operations	6,557,055	6,029,728	2,888,519	2,673,284	1,179,435	973,520	2,489,101	2,382,924
General	21,623,221	21,291,005	8,595,733	8,590,994	4,174,995	3,999,714	8,852,493	8,700,297
Transportation for investment—Cr.	401,955	324,552	65,793	29,017	92,112	73,536	244,050	221,999
Railway operating expenses	497,859,925	453,566,382	223,055,409	197,189,566	93,489,786	84,324,611	181,314,730	172,052,205
Net revenue from railway operations	161,113,106	129,116,719	73,750,768	60,197,583	42,270,368	34,992,816	45,091,970	33,926,320
Railway tax accruals	61,215,733	56,676,350	25,798,970	23,464,444	13,926,024	12,226,417	21,490,739	20,985,489
Railway operating income	99,897,373	72,440,369	47,951,798	36,733,139	28,344,344	22,766,399	23,601,231	12,940,831
Equipment rents—Dr. balance	16,236,250	15,075,690	7,953,267	6,883,842	921,358	1,048,596	7,361,625	7,143,252
Joint facility rent—Dr. balance	5,287,707	5,779,801	3,045,563	3,091,693	347,536	669,892	1,894,608	2,018,216
Net railway operating income	78,373,416	51,584,878	36,952,968	26,757,604	27,075,450	21,047,911	14,344,998	3,779,363
Ratio of expenses to revenues (per cent)	75.6	77.8	75.2	76.6	68.9	70.7	80.1	83.5
Depreciation included in operating expenses	33,693,771	33,528,333	14,545,602	14,544,000	6,828,941	6,649,989	12,319,228	12,334,344
Pay roll taxes	18,721,829	16,453,275	8,400,913	7,150,137	3,451,377	2,988,458	6,869,539	6,314,680
All other taxes	42,493,904	40,223,075	17,398,057	16,314,307	10,474,647	9,237,959	14,621,200	14,670,809

* Decrease, deficit or other reverse items.

NOTE:—The comparison of totals for February, 1940 with those of February, 1939 is affected by the extra working day in February, 1940. If the 1940 total operating revenues are reduced $^1/_{29}$th the per cent of increase is 8.7 instead of 13.2 as shown.

† Represents an average of the mileage reported at the close of each month within the period.

Compiled by the Bureau of Statistics, Interstate Commerce Commission. Subject to revision.